Daily Report

LAST ISSUE

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LAST ISSUE

Latin America

FBIS-LAT-96-146
Monday
29 July 1996

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Daily Report
Latin America

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Cuba

Cuba: Security Council Members Oppose U.S. Resolution

PA2607191996 Havana Radio Rebelde Network in Spanish 1700 GMT 26 Jul 96

[From the "National Radio News" program]

[FBIS Translated Text] The UN Security Council's official and public meeting, which will evaluate the 24 February incident could be convened this afternoon after several days of informal consultations. Here is Carlos Iglesias with a report from the United Nations:

Intense negotiations have taken place during these five days of consultations. In this time frame, the United States submitted five versions of a draft resolution, which met with opposition from other UN Security Council members. In an unusual move, Russia, China, and the six nonaligned member countries of the Council submitted a joint proposal, designed to strike a balance that the U.S. document lacks. Specifically, the eight countries wanted the Council document to adhere more closely to the resolution the International Civil Aviation Organization approved in Montreal a month ago. Immediately after the unofficial consultations are over and the countries reach the necessary consensus, the Council will convene its official session, probably this afternoon.

Cuba, which thus far has been kept on the sidelines for not being a member of the UN Security Council, will be able to articulate its position at this session through Ricardo Alarcon, head of the Cuban delegation. This public debate will be Cuba's only chance to present its opinion due to the rather shady method recently followed by the Council.

Cuba: Cuban Groups Protest Olympic Committee Decision

PA2607193096 Havana Radio Rebelde Network in Spanish 1700 GMT 26 Jul 96

[From the "National Radio News" program]

[FBIS Translated Text] Over 70 Cuban emigre groups in the United States protested the decision by the International Olympic Committee to allow right-wing groups to conduct an anti-Cuban protest.

A National Network for Cuba communique states that the authorization given to persons affiliated with Cuban exile terrorist organizations that permits them to fly over the Olympic Village in an airplane carrying political propaganda during a Cuba-U.S. baseball game next Sunday violates the Olympic spirit.

Cuba: Havana Condemns Atlanta Bombing, Criticizes Security

PA2707221596 Havana Radio Progreso Network in Spanish 1700 GMT 27 Jul 96

[Orlando Contreras commentary; from the "National Radio News" newscast]

[FBIS Translated Text] Cuba has offered an unbelieving world suffering from an acute values crisis a message reaffirming the best human qualities: generosity, the ability to struggle for a just cause, sensibility, and work in the face of pain and disease, and solidarity and ethical feelings instead of insatiable egotism.

Yesterday, in Holguin, when Fidel said that our country's people receive the best health care in the world and that in spite of the blockade and the collapse of socialism in Europe, Cuba has been able to struggle, resist, and begin to make progress, he cited the creed of this invincible people and gave a world promulgated with neo-liberalism a lesson on the human significance of true socialism.

Cuba has fulfilled its promise. Less than five years ago, the rich and egotistic of the world discussed not whether Cuba would collapse or resist, but when would the collapse take place. Now, thanks to the efforts and the will to struggle of a courageous people — conditions that cannot be attained with gold — Cuba can exhibit an economic recovery made evident by a 9.6-percent GNP growth during the first half of the year.

Yesterday Fidel cautioned about the lack of security and the disorganization that prevails in the Olympic Games being hosted by the world's richest countries, but also one of the countries most affected by confusions in the values aspect and by the cult of wealth and consumption.

Today, a horrified and saddened world has witnessed how in the heart of Atlanta, in a country where anybody can buy weapons and computer programs exist that teach people how to manufacture bombs, criminal hands sowed death and pain in a park erected as a homage to the centennial of the Olympic Games.

We firmly repudiate this infamy and extend our solidarity to the more than 100 persons who were injured. Our condolences go to the relatives and friends of the innocent fatal victims of the cowardly crime.

More than $300 million have been spent on security in Atlanta and still these things happen. Janet Evans, a U.S. swimmer who was near the Atlanta Centennial Park, said today that her first reaction was to pack her suitcases and return home.

There was chaos even before the explosion. Today, the news agency EFE reported that three Polish athletes

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almost went crazy when the driver of the bus they had boarded to go to the stadium where they would compete went around in circles for a whole hour without being able to find the way.

The world's richest country, which abuses its unipolar power, is unable to guarantee that criminals do not place bombs in the heart of history's largest Olympic Games or that the drivers of the buses athletes ride find their way to the stadium.

A severe disease affects a society like that. When the cult of wealth and unlimited greed dislodges equity and solidarity among men, these and worse things happen.

Cuba: Atlanta Bomb Said To Depict 'Extremist Mentality'

PA2807004296 Havana PRENSA LATINA in Spanish 2252 GMT 27 Jul 96

[FBIS Translated Text] Holguin, Cuba, 27 Jul (PL) — Cuban President Fidel Castro said here today that the explosion of a bomb in the U.S. city of Atlanta, host of the Centennial Olympic Games, denotes the aggressive and extremist mentality of some citizens of that country.

In a statement to PRENSA LATINA, the chief of state said that the attack early this morning at the Centennial Olympic Park mirrors a situation that exists in the United States.

During his speech yesterday, at an event that took place in this city, in Cuba's eastern region, on occasion of the 43d anniversary of the attack on the Moncada Barracks, he referred to the protests that the sports delegations of several countries have made because of organizational deficiencies at the Olympics site.

The Cuban president noted: "I said yesterday that there are many complaints from throughout the world, but I had believed they (the U.S. authorities) were capable of preventing the placing of a bomb there."

During a meeting with the media at the conclusion of a tour through works of economic and social importance in this province, which has the same name of the provincial capital, Fidel Castro stated that the island's athletes in Atlanta are calm and are being shown respect.

Very early this Saturday two persons died and more than 100 were injured as a result of the attack.

Cuba: Official Confirms Hijacking of Havana-Bound Plane

PA2607191696 Madrid EFE in Spanish 1833 GMT 26 Jul 96

[All times as received]

[FBIS Translated Text] Havana, 26 Jul (EFE) — An Iberia airlines employee in Havana reported today that an airliner servicing the Madrid-Havana route has been hijacked to Miami, presumably by one of the passengers. The source reports that the plane, carrying over 200 passengers, should have arrived in Havana at 1530 local time (2030 GMT). The Iberia employee in Havana said he did not know whether there are one or two hijackers and whether they are of Cuban origin or how they were able to redirect the plane to Florida.

Cuba: Hijacking of Havana-Bound Airliner Reported

PA2707161396 Havana PRENSA LATINA in Spanish 2211 GMT 26 Jul 96

[FBIS Translated Text] Washington, 26 Jul (PL) — According to the FBI, today, a man of Arab origin hijacked an Iberia Airlines DC-10 plane, which was bound for Havana, Cuba, and diverted it to Miami.

According to the information obtained by CNN from FBI agents, the hijacker was identified as Sadde Ibrahim, a 22-year-old Lebanese national, who threatened the pilot with an alleged bomb.

However, the hijacker was not carrying any bomb whatsoever and, after the plane landed at Miami International Airport, he turned himself in to U.S. authorities without offering resistance.

The FBI indicated that none of the 232 people aboard the plane, including 218 passengers and 14 crewmen, was injured. The hijacker, whose motive for hijacking the plane has not been clarified, is in FBI custody.

Several of the passengers and some of the crew members are being questioned by FBI experts.

The passengers, who will continue their flight to Havana, include Italian, Swiss, French, and Andorran nationals.

Christopher Joyner, an international law professor, told CNN that the hijacker can be prosecuted by the United States jointly with the Spanish Government and that the sentence in these cases can reach up to 20 years.

An FBI official refused to specify whether Ibrahim will be tried and only mentioned that Ibrahim is in the custody of U.S. authorities.

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Cuba: Hijacked Iberia Airplane Reaches Final Destination

PA2707044196 Mexico City NOTIMEX in Spanish 0337 GMT 27 Jul 96

[FBIS Translated Excerpt] Havana, 26 Jul (NOTIMEX) — Tired and still shaken, passengers of the Iberia airplane that was coming from Madrid and was diverted to Miami by a Lebanese man, arrived this evening at their original destination — Havana's international airport.

The Spanish airline's DC-10, which was covering flight 6621 from Madrid to Havana according to schedule, arrived at the Cuban capital at 2150 local (0250 GMT) six hours behind schedule. [passage omitted]

Cuba: Castro Stresses Importance of Ties With Moscow

PA2707050696 Havana PRENSA LATINA in Spanish 0414 GMT 27 Jul 96

[FBIS Translated Text] Holguin, Cuba, 26 Jul (PL) — Cuban President Fidel Castro emphasized here today the presence of a Russian delegation, led by Duma Chairman Gennadiy Seleznev, in the festivities to celebrate "National Rebellion Day."

In statements to PRENSA LATINA the head of state said that he considers the Moscow delegation's visit a gesture worthy of appreciation. He said this represents a good sign regarding bilateral relations.

Referring to this, he advocates working for the development of those ties.

The Cuban leader referred to the position assumed by Russia at the UN Security Council, where it abstained from voting and censured, along with the PRC, the U.S. text, which tried to condemn Cuba for the downing of two U.S.-registered airplanes inside Cuban airspace.

Regarding this, Fidel Castro stated before a group of journalists that the process verified at the UN Security Council confirms the pressure exerted by Washington to obtain a condemnation against the island.

Seleznev gave statements upon his arrival at eastern Holguin Province, site of the main event to commemorate the 43d anniversary of the attack on the Moncada Barracks. He stated his satisfaction with the trip, proof of the Russian Duma's solidarity at a time when the U.S. Government strengthens its blockade against Cuba, he said.

He stated his intention of meeting with Fidel Castro, whom he called a man-legend, to analyze issues of bilateral interest.

Cuba: Economic Recovery Said To Discourage Emigration

PA2607195496 Havana Radio Rebelde Network in Spanish 1700 GMT 26 Jul 96

[Report by Zenaida Costales; from the "National Radio News" program]

[FBIS Translated Text] One of the chapters of the Helms-Burton law seeks to manipulate the Cuban emigration issue by portraying it as a U.S. national security threat. Carlos Fernandez de Cossio, director of the Foreign Ministry's North American Office, explains:

[Begin Fernandez de Cossio recording] Those who drafted the law had a purpose. If they manage to achieve their goal, if they manage to create a total economic and social crisis in Cuba as a result of the law, which in turn would provoke a massive and uncontrolled flow of people, then they would achieve their objective because the United States would react. Everybody knows, however, that this law is doomed to failure, as did the Torriceili law and previous laws. We know that although the Helms-Burton law was approved in March, the Cuban economy experienced 9.6 percent growth during the first semester of this year. This is undoubtedly a tremendous improvement for an economy like ours, that in past years has faced a crisis. Instead of producing an economic and social crisis in our country, what we are experiencing — although yet in its initial phase — is a recovery and reactivation of our economy and society. That is exactly the opposite intention of the Helms-Burton law, and totally discourages the emigration that [words indistinct] would like. [end recording]

Cuba: Castro Discusses Hijacker, Migration

96P20473A Havana GRANMA in Spanish 20 Jul 96 pp 4-5

[Interview given by Commander in Chief Fidel Castro Ruz, First Secretary of the Central Committee of the Communist Party of Cuba and president of the Councils of State and Ministers, to journalists accompanying the Spanish delegation headed by Julio Anguita, General Coordinator of the United Left, at the Palace of the Revolution, on 18 July 1996, "100th anniversary of the fall of Antonio Maceo in combat."]

[FBIS Translated Excerpt] [Passage omitted]

[GRANNA] A second related question, to conclude this topic.

The United States has still not said what it will do with the Cuban former lieutenant colonel who, one week ago, hijacked an airplane and re-routed it to the Guantanamo

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Base. If he were deported or tried in the United States, one of those two alternatives, would Cuba be satisfied with this? And, a second question, if they were to give him political asylum, would Cuba feel the United States was violating the migration agreements and would Cuba feel at liberty not to fulfill its part of the agreements, something which could unleash a new conflict over migration?

[Castro] If the United States gives this person asylum, it would be violating many things, it would be violating many international principles, norms, and laws, not just a migration agreement.

This individual was not a member of the military, he was no longer a member. He boards a plane—which was transporting passengers and mail—carrying a rifle; he hijacks it, and forces it to land in the area occupied by the Guantanamo Base. The migration agreements expressly condemn this—violence, hijacking of planes, illegal emmigration. This man endangered the lives of all those people with his escapade, and it would be a flagrant violation of the migration agreement, but even worse it would be a flagrant violation of international laws and agreements.

The hijacking of planes was an invention that the CIA used against Cuba during the first years of the Revolution, and that turned into a boomerang, because insofar as they were bringing hijacked planes from Cuba, acting with impunity, many people in the world began hijacking planes. There are all kinds of people in the world capable of hijacking planes. In the United States itself, where there are a large number people, as there are everywhere, who are unstable or had problems of one kind or another, or who were victims of injustices, victims of discrimination and of everything else, they began hijacking planes and taking them to Cuba.

It created a serious problem. There were days when up to two planes landed; there was no way to stop that problem, that precedent they had established, and we were the ones who solved the problem. First by means of laws that imposed stiff punishments for hijacking an airplane; corresponding warnings were issued and prison sentences were increased, in accordance with those laws, for everyone who hijacked a plane from the United States or anywhere else, and flew it here. But, that was not enough.

In an effort to put an end to that situation—if I'm not mistaken it was during the Carter Administration—we issued a public warning, because there were many people, including Cubans, who were hijacking their planes in order to return to Cuba, because they were tired of, and bored with, U.S. society, or for any reason, that anyone who hijacked would be sent back, or might be sent back—more or less, I would have to refer to the terms used in the declaration. I believe it was quite categorical, I believe it stated that anyone who hijacked a U.S. plane and brought it to Cuba "would be sent back." Soon after that there was a hijacking, and we sent the two hijackers back. They were Cubans who were residents there; we returned them, although no agreement existed, we sent them both back. Afterwards, they were sentenced to 40 years in prison.

More than once we asked about those men, how they were doing, and asked that their families be allowed to go to visit them in the United States. And we never received an answer. However, it put a definitive end to the hijacking of U.S. planes.

Would it make sense for the United States to now give asylum to someone who hijacks Cuban planes, and lead to a return to that chapter of history which caused the world so many headaches? That seems crazy to me, I don't think they will do something like that.

I'm referring here to the question of the airplane hijacking. As regards illegal entry, they would be violating the migration agreements, encouraging illegal departures, encouraging the use of violence, and the hijacking of boats and other vessels to go to the United States. It would be a complete violation of the policy of the migration agreement, of the U.S. commitment.

As far as our response is concerned, this is not the time to make a decision or to give a response. I think that both the United States and Cuba are interested in maintaining the migration agreement, and it has been maintained despite all the things that have happened recently. So, the agreement has a solid foundation, and, for our part—I don't want to judge the agreement now, or judge the degree to which the United States has fulfilled the migration agreements—we are interested, as was stated a few days ago, in scrupulous compliance with the migration agreements, and we would not like for anything to happen that would force the country to suspend them. No measure of this kind is being considered at present.

The matter of this individual is being studied through diplomatic channels, and we have not made any warning to the effect that measures of this kind would be taken, nor do we want to take such measures. Rather, we are expressing our desire to maintain the agreements and—I repeat—that nothing happens, that things not continue happening, which would lead to the suspension of those agreements, because that is neither in the interest of the United States nor of Cuba. So, we will do everything possible—this is what I say—to maintain the migration accord. [passage omitted]

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Haiti

Haiti: U.S. Assistant Secretary Holds Talks With Preval

PA2807131196 Port-au-Prince Signal FM Radio in French 1030 GMT 26 Jul 96

[From the "Waking Up" newscast]

[FBIS Translated Excerpt] Robert Gelbard, U.S. assistant secretary for international narcotics and law enforcement affairs, made a 24-hour visit to Port-au-Prince on 25 July. Yesterday afternoon, he met with President Rene Preval at the National Palace. The talks centered on the general situation in the country, notably security, drug trafficking, and the recent Coast Guard graduation.

All aspects of this last point were discussed, as the United States has signed an agreement with at least nine states in the Caribbean. Under this agreement, U.S. Coast Guard ships must inspect all boats suspected of carrying drugs while traveling through regional waters. Robert Gelbard explained the objectives of his presence in Haiti. [passage omitted]

For his part, President Preval described the discussions he had with the U.S. assistant secretary as fruitful. As for the agreement signed between Washington and regional states, the president has asserted that the government is closely examining the clauses of this agreement.

[Begin Preval recording] First, we are going to look at the terms of the agreement. As you have just heard Mr. Gelbard saying, his major concern is his work, especially the questions of security linked to the police, justice, and drugs. We discussed all these questions. [end recording]

Anyway, some Caribbean states, such as Jamaica, have refused to sign the U.S. agreement. Before leaving the country today, Robert Gelbard will visit the police academy in Freres, as well as the Haitian coast police headquarters.

Haiti: Preval Expected To Attend Fernandez Inauguration

PA2807022796 Port-au-Prince Signal FM Radio in French 1130 GMT 26 Jul 96

[From the "Waking Up" newscast]

[FBIS Translated Text] President Preval is expected to be in Santo Domingo on 16 August. He has been invited by the officials of this country to attend the inauguration ceremony of President-Elect Leonel Fernandez. Preval's name is listed among those of 72 heads of state and government who have formally been invited, according to Dominican Chancellor Ing. Caonabo Javier Castillo, who, however, explains that a particular interest for the presence of the president of Venezuela has been shown by the Dominican authorities. Sources close to Fernandez have pointed out the marked interest of the new Dominican head of state to achieve a historical first with Rene Preval. It would be the first time that a Haitian president would attend the inauguration of a Dominican counterpart.

Haiti: Public Safety Secretary Resigns, Faults Minister

PA2807131596 Port-au-Prince Signal FM Radio in French 1030 GMT 26 Jul 96

[From the "Waking Up" newscast]

[FBIS Translated Text] The public safety state secretary has resigned. Robert Manuel, state secretary for public safety, has officially tendered his resignation to competent authorities, we learned from a reliable source.

At the same time, Manuel wants to demand the resignation of Haitian Justice Minister Attorney Max Antoine, whom he reproaches for having done nothing to allow the competent functioning of the Haitian judicial machinery. The resigning state secretary of public safety always urged improvements to Haitian justice, according to his own statements. My resignation will allow the authorities to understand the necessity of making thorough reforms to the judicial machinery, he asserted.

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Mexico: Official Reveals General Aspects of Antidote Law

PA2607223396 Mexico City Radio Red Network in Spanish 2300 GMT 25 Jul 96

[Report by Norma Vargas; from "The Night Monitor" newscast]

[FBIS Translated Text] Thank you, Estella Martin. Good evening. The government will legally protect Mexican businessmen trading with Cuba or any other country. However, Mexican companies will be sanctioned if they comply with the Helms-Burton law. This is one of the four general aspects to be included in an eventual antidote law as immunity against the extraterritoriality of the U.S. law. This was revealed by the Cuauhtemoc Sandoval Ramirez, secretary of Foreign Relations Commission of the Chamber of Deputies.

[Begin recording] [Sandoval] Second, all Mexican officials and judges are forbidden to give information to a U.S. judge regarding the trade operations of Mexican companies with Cuba, or any other country. If a U.S. company files suit and a U.S. judge requests information from a Mexican judge or official, they are specifically forbidden to give any information.

[Vargas] That is similar to the banking secrecy [words indistinct].

[Sandoval] Yes, more or less the same. Third, regarding the visa issue, we would apply the same retention of visas to U.S. businessmen that sue Mexican businessmen, very similar to what the United States has done. Fourth, is what is called the [word indistinct] effect, that is, if a Mexican company has its assets frozen in the United States it would be given the option of freezing the assets of that U.S. company in Mexico, Canada, Great Britain, or France, in case the U.S. company does not have assets in Mexico, but does have assets in these other countries. [end recording]

Speaking with reporters during a meeting of the Latin American Parliament Commissions held in the Mexican Foreign Relations Ministry, Deputy Sandoval commented that it would be a severe setback to Mexican policy if on Friday the permanent commission of the Union Congress does not consider the deliberation of the antidote law during the next special session of Congress.

On the same issue, Fernando Solano Morales, president of the Senate's Foreign Relations Commission, said that if Title III of the Helms-Burton law goes into effect, it will affect $700 million in Mexican public and private investments.

Mexico: Effects of Economic Crisis on NAFTA Viewed

PA2807215996 Mexico City EL FINANCIERO in Spanish 26 Jul 96 p 1

[Report by Lourdes Gonzalez Perez — received via Internet]

[FBIS Translated Text] Rafael Serrano, who heads the Mexican Section of NAFTA's Secretariat, has recognized that the economic crisis that the country has faced since the end of 1994 has affected the competitiveness under which NAFTA was negotiated.

In an interview for EL FINANCIERO, Serrano said that cheap labor along with a high degree of competitiveness is one of the comparative advantages that the country has not lost.

He admitted, however, that the operational conditions, production levels, and quality standards in various industrial sectors in the country have considerably changed as a result of the devaluation of the peso, credit contraction, and higher interest rates.

Serrano also recognized that Nic Ase [not further identified] has sought the benefits of the treaty, and opportunities are still available for the country's business community.

In view of the impartiality that the NAFTA Mexican Secretariat must maintain toward the government and the private sector, Serrano refrained from making any recommendations to business sectors regarding the strategy they should adopt to make sure that businessmen are totally aware of the contents and scope of the trade agreement.

He deplored the fact that "many believe that NAFTA covers all sectors, and that therefore all business activities are ruled by the treaty (and this) is not the case."

The Mexican Section, he said, should not make any recommendations. I must admit, however, that "although we have benefited from the treaty, it could bring more benefits."

He stressed that the agreement is the framework that establishes the rules of the game that productive sectors can use to obtain the benefits that the agreement offers. He added that knowledge on the subject, training, and experience are the factors that will make it possible to take advantage of the opportunities that become available.

Regarding the productive sector's real capacity to take full advantage of the trade agreement, Serrano said: NAFTA was negotiated in strict coordination with the

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private sector and based on the real capacity of each productive branch and their competitive advantages.

He stressed, however, that some productive sectors "are lagging behind" in taking full advantage of the rules of the game.

In that regard, he said that Mexico has low-cost manpower and a production that can offer prices that can compete abroad.

The crisis has affected all sectors at all levels, but the comparative advantages of the fields involved in the treaty, acquired some time ago, have been maintained despite the economic situation.

Low-cost manpower has been maintained as a comparative advantage. It has continued with or without the crisis, because in proportion with the rest of the economy, costs have remained the same.

Regarding this point, he clarified: It is possible that profits depending on costs such as transportation, interest rates, and even raw material, especially if imported, may have dropped and consequently, this could have affected production, but there are other comparative conditions.

In a negotiation, the sectors involved in trade agreements always take into consideration the comparative advantages offered to them in order to define the terms to establish trade under a favorable agreement.

Mexico: Official on Plan To Pay U.S. Loans in Advance

PA2707004196 Mexico City XEW Television Network in Spanish 0330 GMT 26 Jul 96

[Interview with Mexico's Finance and Public Credit Secretary Guillermo Ortiz in his office by anchorman Jacobo Zabludovsky at the Televisa studios in Mexico City; from the "24 Hours" newscast — live]

[FBIS Translated Text] [Zabludovsky] Good night.

[Ortiz] Good night.

[Zabludovsky] Can you tell us about the details of the operation announced today?

[Ortiz] As we announced several weeks ago, we were planning to pay the United States $4.7 billion, which would come mainly from placing issues valued at $3 billion in the international markets. Today, it was announced that this placement will be doubled, that is, $6 billion will be placed; hence, we will be able to pay the U.S. Government $7 billion in early August and pay the IMF approximately $1 billion. This operation is quite significant for our country and it has several advantages. It might be worth pointing out that the demand we received for this operation was substantial. We have placed the issues in more than 200 banks worldwide, as well as insurance companies and institutional investors. This operation had truly positive results for the country.

[Zabludovsky] You have said that this is a very important operation for the country. Why?

[Ortiz] First of all, it is important because we are paying the United States in advance. We are making payments scheduled to be made in the years 1997, 1998 and 1999. Thus, we are fulfilling our obligations ahead of time. In addition, we are saving $125 million a year worth of interest payments, because we are placing issues at a lower rate than the rate we paid for the resources borrowed from the United States. We are also widening the time limit of the amortization, thus lessening the burden of amortizations for Mexico in the coming years.

[Zabludovsky] Isn't this burden an excessive debt for Mexico?

[Ortiz] I believe we should point out that this operation does not entail an increase in the country's debt. We are simply refinancing the debt, that is, we are placing long-term and more affordable debt to pay for short term and more expensive debt. Therefore, we are not increasing the debt. The total amount of Mexico's public debt, its net debt that is, is equal to approximately 40 percent of its GDP. This figure is quite lower than the debt of most member nations of the OSB [expansion unknown] and our interest payments, compared to our exports, has improved dramatically. For instance, 10 years ago, the amount spent on servicing the debt, in percentage terms, was 3.5 times as much as the annual amount, whereas, this amount is now approximately one time the annual amount. Consequently, I believe that far from being a burden, this will represent a substantial relief for us in the future.

[Zabludovsky] How will this operation benefit the average citizen?

[Ortiz] I believe this is important because, as I was saying, we are pushing back the deadlines, which will make us less vulnerable to adverse situations such as the ones we experienced in the past as long as we can continue to work within the framework of the economic program, lowering the inflation rate and strengthening productive activity. I believe this operation will be pivotal in helping the economic program achieve the desired effects with regard to increasing jobs and improving the welfare of Mexicans in the future.

[Zabludovsky] Thank you very much.

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Mexico: Official Says U.S. Credit Not Necessary

PA2707171796 Mexico City XEW Television Network in Spanish 0330 GMT 27 Jul 96

[From the "24 Hours" newscast]

[FBIS Translated Text] Martin Werner, public credit director for the Finance Secretariat, has revealed that Mexico's gross foreign debt is $98 billion as of the first half of 1996. Werner said that following the advanced payment of debts and the placement of government securities, the balance of Mexico's accumulated gross foreign debt was reduced by nearly $2 billion.

During private talks with reporters from various news media to explain the emission of government securities, Werner said that it would no longer be necessary to use the remaining balance of $3.5 billion of available credit in the economic package granted by the United States to Mexico to face the 1994 economic crisis.

Werner admitted that, even though funds are needed to face the crisis and to sustain the reactivation of the economy, it is not convenient to increase Mexico's foreign debt, because, he warned, we have learned from past mistakes and the alternative is not to increase the government's debt, but to improve the debt structure. Werner indicated that the oil guarantees given to owners of new Mexican securities of up to $6 billion will not be needed in the immediate future. Werner explained that this is due to a renewed confidence in Mexico and to an improved perspective regarding the Mexican economy.

Werner indicated that, during Zedillo's term, the total amount of securities placed in financial money markets adds up to $17 billion.

Mexico: Semarnap on Possible End of U.S. Tuna Embargo

PA2607224196 Mexico City NOTIMEX in Spanish 0639 GMT 26 Jul 96

[FBIS Translated Text] Mexico City, 26 Jul (NOTIMEX) — Mexican fisheries officials viewed as positive the decision of the Rules Committee of the U.S. House of Representatives to limit the debate and introduce changes to the proposal to lift the Mexican tuna embargo.

Carlos Camacho Gaos, deputy secretary of the Environment, Natural Resources, and Fisheries Secretariat (Semarnap), affirmed that the decision that would control the debate regarding the issue in the House of Representatives next Tuesday is an encouraging step because it indicates that the tuna embargo may be lifted shortly.

The Semarnap official estimates that on 30 July the House of Representatives could vote in favor of lifting the restriction in force against a number of countries since 1990.

If all goes well, "it is possible that during its regular session on 5 August, the U.S. Senate will vote to lift the sanctions against our country," Camacho Gaos indicated.

All legal recourses having been exhausted, the House of Representatives and the Senate have to make the decision whether or not to lift the tuna embargo, and "everything indicates that their votes will favor Mexico," the Semarnap official added.

A number of U.S. environmental groups are in favor of lifting the sanctions, having proved in a number of ways that the Mexican fishing fleet is one of the fleets that most protects dolphins while fishing for tuna," Camacho Gaos confirmed.

"Lifting the tuna embargo against our country will reactivate the fishing sector in the Gulf of Baja California and other ports on the Mexican Atlantic coast that were affected by this measure," Camacho Gaos said.

The Semarnap deputy secretary commented that since the tuna embargo 6,000 jobs, approximately $300 million, and almost 40 percent of the fishing fleet, have been lost.

Mexico: French Official Visits, Comments On Closer Ties

PA2707124196 Mexico City XEW Television Network in Spanish 0330 GMT 26 Jul 96

[From the "24 Hours" newscast]

[FBIS Translated Text] Today, Rene Monory, the president of the French Senate, said that Mexican President Ernesto Zedillo will visit France in January. Monory ended a visit to Mexico City and said at the airport, prior to leaving for Canada, that Mexico and France established closer ties in the area of technical training.

Mexico: Bolivian Official on Support for Mexico

PA2807012496 Mexico City XEW Television Network in Spanish 0330 GMT 26 Jul 96

[Report by Teresa Mora; from the "24 Hours" newscast]

[FBIS Translated Text] [Mora] Foreign Relations Secretary Jose Angel Gurria has welcomed Bolivian Vice President Victor Hugo Cardenas at the former Tlatelolco Convent. Cardenas came to Mexico to give a teachers' conference. Gurria said that Mexico supports Bolivia's initiative to hold a sustainable development summit and its efforts to set up a fund for the development of the Indian peoples.

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[Begin Gurria recording] The priority that the two countries give to establishing closer ties became evident through the signing of the bilateral free trade agreement, which went into force in 1995. [end recording]

[Mora] Gurria stressed that Bolivia's support for the Mexican initiative to convene an international antidrug summit will be very important. Victor Hugo Cardenas noted that countries such as Bolivia are victims of the international demand for drugs.

[Begin Cardenas recording] The precursor chemicals that enter our country are not produced here, but are rather produced outside Bolivia. The fact that restrictions, which we deem indispensable to score overwhelming victories against drug traffickers are not regularly imposed at this level calls our attention and worries us very much. [end recording]

[Mora] Cardenas explained that in keeping with legal regulations, each year, Bolivia must gradually reduce the areas used for growing drugs. He added that last year, Bolivia reduced the areas used for growing coca by 5,000 hectares, in which yucca, hearts of palm, passion fruit, and pineapple are currently being grown to supply the domestic and foreign markets. Victor Hugo Cardenas warmly welcomed the Mexican initiative to convene an international antidrug summit.

Mexico: President Signs Constitutional Reforms Initiative

PA2807002296 Mexico City XEW Television Network in Spanish 0330 GMT 26 Jul 96

[From the "24 Hours" newscast]

[FBIS Translated Text] President Ernesto Zedillo headed a ceremony at the National Palace one hour ago. He signed the constitutional reforms initiative, which includes the definite electoral reform proposal for Mexico. The document was the result of a consensus reached by Mexico's four largest political parties. It was signed by President Zedillo and by the parliamentary coordinators of the National Action Party [PAN], Institutional Revolutionary Party [PRI], Party of the Democratic Revolution [PRD], and the Labor Party [PT].

This document will be discussed during an extraordinary session, which the Standing Commission of the Congress of the Union will summon tomorrow.

Speakers at the ceremony were Government Secretary Emilio Chuayfett, PAN President Felipe Calderon, PRI President Santiago Onate, PRD President Porfirio Munoz Ledo, PT President Alberto Anaya, and the president of the Republic.

The constitutional reforms initiative establishes a broad range of changes so that electoral processes in Mexico will be open and clear. Among the most outstanding reforms is that the executive branch will no longer have anything to do with the formation of the Federal Electoral Institute, party financing will be regulated, and the configuration of the Chambers of Deputies and Senators will be more democratic. Electoral justice will also be strengthened and the Federal District head of government will be elected directly through a universal and secret vote.

Mexico: Electoral Reform Said To Have High Political Value

PA2807004096 Mexico City Radio Red Network in Spanish 2300 GMT 26 Jul 96

[Report by Victor Manuel Suberza from Los Pinos presidential residence; from the "Night Monitor" newscast]

[FBIS Translated Excerpt] [Passage omitted] Today, President Ernesto Zedillo met with members of the so-called Latin American Parliament. President Zedillo said that the Mexican people believe in democracy and added that with the enactment of definitive electoral reform, Mexico will have the juridical framework to guarantee transparency, justice, and conditions of equity in the political competition.

The president emphasized the importance of the consensus reached by the political parties represented in Congress to enact the definitive electoral law as this legislation will allow the Mexican people to fulfill their democratic aspirations.

[Begin Zedillo recording] This reform is very important because it will enable Mexicans to overcome one phase of our political history to usher in another one, in which we will truly respond to the democratic aspirations of the Mexican people. The Mexican people believe in democracy. [end recording]

Zedillo reiterated that the reform to be implemented has enormous political value, because it resulted from a consensus reached by the parties that drafted it.

Mexico: Firm To Offer Satellite TV to Continent

PA2707171696 Mexico City XEW Television Network in Spanish 0330 GMT 27 Jul 96

[From the "24 Hours" newscast]

[FBIS Translated Text] On 20 November 1995, I announced an alliance of the four most important companies in the world in audio-visual production, technology, and communication. These companies are: News Corporation, Globo, TCII, and Televisa. The

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objective of this alliance is to offer a pay-for-television service via direct satellite to homes throughout the American continent. This service will be known as Sky Entertainment [preceding two words in English] and will include over 100 digital audio and video channels. It will have exclusive programming, including family entertainment and an extensive variety of cultural programs — musicals, children's programs, sports, news, and movies.

To receive Sky, you will only need to purchase a small 60-cm diameter dish and a decoder that will be available in most stores in Mexico. Sky will begin offering its service in Mexico in November 1996. Its offer will be different from any currently existing in the market for this kind of service. I believe it will be worthwhile to wait for Sky, because Sky will offer you so much more.

Mexico: Columnist Says Mexico Has Only 2 Alternatives

PA2807231896 Mexico City LA JORNADA in Spanish 26 Jul 96 p 1

[Report by Luis Javier Garrido — received via Internet]

[FBIS Translated Excerpt] The present government's only policies are those handed down by Salinas and those imposed from outside. Thus, the country's militarization has continued and the government officials' impunity has been strengthened, paving the way to democratic changes, an action that only aggravates the government's breakdown.

1. Mexico's political crisis continues, but the representatives of Cordoba [not further identified] and Zedillo have no proposals other than to continue to make shady deals with the parties behind society's back, as shown by the so-called electoral reform. PRD's [Party of the Democratic Revolution] and PAN's [National Action Party] endorsement of new constitutional amendments, that do not at all guarantee free elections in Mexico, will make another disinformation campaign possible for the government, but this will not change the mechanisms in any way.

2. The country has demanded a dismantling of the "system" and, after one more reform, the system will stay for a very simple reason: It is the best guarantee for neo-liberalism.

3. Because of this, the State Department's propaganda, which is the same as that of Los Pinos, states that Mexico has only two alternatives: A. The "reformers" or "modernizers," whom Zedillo would supposedly head, which PAN has joined unconditionally, which Manuel Camacho's party wants to climb on, and whose objective would be to fully incorporate Mexico in the "globalization" process. B. The PRI's "statists" or "dinosaurs," who, according to the propaganda, would be the same as that of PRD members. That is to say, eager to return to a state of well-being, populism, and corruption. [passage omitted]

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El Salvador

El Salvador: President on Security for Leftist Forum

PA2807224296 San Salvador LA PRENSA GRAFICA in Spanish 26 Jul 96 p 9A

[Report by Oscar Tenorio]

[FBIS Translated Text] President Armando Calderon Sol yesterday expressed that he has ordered the Ministry of Public Security and the police to provide protection to the leftist leaders who will participate at the Sao Paulo Forum, which will open today in San Salvador.

"It is an event of international significance and this is how the government of the Republic views it. The PNC [National Civilian Police] and the Ministry of Public Security have been instructed to provide all the required security to leftist leaders and the places where they will meet," Calderon affirmed.

Calderon made the aforementioned statements hours after clandestine group "Major Roberto D'Aubuisson Nationalist Force" (FURODA) threatened to "execute" the leaders of Latin American leftist organizations who will participate at the Forum, which will conclude on Sunday.

"Our commandos of 'snipers' have been ordered to destroy hotels, restaurants, and gathering places where the communist worms conduct activities," part of the FURODA communique, distributed to different media sources, states.

However, the president of the Republic that the government feels very "honored" with the presence of leftist leaders, because the country is experiencing a "representative and plural" democracy.

"It is great to highlight the presence of these prominent leftist politicians who are gathering in the country; this is a reflection of a different El Salvador that we are building with a plural democracy and this is a clear and palpable demonstration of what the new El Salvador is like," the president remarked.

Different activities prior to the Forum have been held throughout this week, including activities in such diverse areas as environmental law and women's rights.

The Forum, in its sixth session, is being held in Central America for the second time — it was first held in Nicaragua — and its purpose is to achieve a better understanding between leftist political organizations in Latin America.

Nevertheless, leaders from different parts of the world will participate in the activities, representing more than 100 political parties.

The Sao Paulo Forum took its name from the first session, which was held in that Brazilian city. Now the FMLN [Farabundo Marti National Liberation Front] has been responsible for organizing the forum as host party.

A new proposal on the future leftist organizations must play in Latin America is expected from the forum.

Guatemala

Guatemala: Arzu on FRG's Inability To Bring Stability

PA2907010896 Guatemala City LA REPUBLICA in Spanish 26 Jul 96 p 6

[Report by Edwin Fernando Lopez R.]

[FBIS Translated Text] President Alvaro Arzu Irigoyen has said that the Guatemala Republican Front (FRG) had its opportunity to achieve peace, however, it failed to take advantage of that opportunity using such tactics as clandestine cemeteries, murder, and death. Arzu pointed out that now it is his administration's turn to achieve national stability through honest policies.

The president made this statement during his appearance at Guatemala's Economic Culture Fund [FCE] to inaugurate the Luis Cardoza y Aragon exhibit. Mexican Public Education Secretary Miguel Limon Rojas and Mexican FCE President Miguel de la Madrid Hurtado also attended the inaugural ceremony.

"Harmony, dialogue, reciprocal concessions, and social projects have prevailed during our administration, while during its time the FRG's program failed. Now, they should permit us to implement our program," Arzu said.

President Arzu referred to the period during General Efrain Rios Montt's Administration in which, in Arzu's judgment, a strategy was implemented that was in some ways impractical. "Therefore, it is important that they allow us implement our program. Perhaps it will work better than their program did."

Aristides Crespo and Byron Barrientos, members of the FRG bloc, filed a complaint in the Public Ministry against President Alvaro Arzu, Defense Minister Julio Balconi, and Government Minister Rodolfo Medoza accusing them of not taking action to stop the frequent rebel attacks in areas in the interior.

According to the congressmen, there is a conspiracy between Arzu, Balconi, and Mendoza because the president has given instructions not to take action against the rebel forces; meanwhile, the two ministers are not carrying out their corresponding duties.

Faced with this situation, President Arzu said members of the FRG had their opportunity to govern, but that at

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that moment only clandestine cemeteries, murder, and death prevailed, ignoring the desire for peace, "while, at the present time, it is just the opposite."

President Arzu emphasized that he is totally unaware of the intentions of the members of the FRG, however, he is not concerned or afraid of their intentions because he is aware of the needs of the Guatemalan people.

President Arzu emphasized that the way in which the country is currently being run shows the difference in our points of view, which can be seen, specifically, by the fact that during the last four months not one person has been reported wounded or killed as a result of armed clashes with rebel groups.

Guatemala: Official Urges People To Help Capture Criminals

PA2807211696 Guatemala City Televisiete Television in Spanish 1900 GMT 26 Jul 96

[From the "Channel Seven News" newscast]

[FBIS Translated Text] In the middle of a wave of crime and violence, presidential spokesman Ricardo de la Torre asked the people to help capture criminals, thus virtually admitting the powerlessness of the country's security forces.

[Begin recording] [De la Torre] We are asking the people to help us by capturing criminals. These would be citizens' arrests. Once the people get hold of the criminals, they should call the police immediately. The police will take them to prison and hand them over to higher authorities.

[Reporter] But there is no guarantee the criminals would be handed over alive.

[De la Torre] It is important that the population hand them over alive. As I said before, the population can cooperate in this, just as they have been doing, without reaching the extreme of killing them, which would be bad news for the captors. If at all possible, the people should grab them, using extreme caution, because this can prove dangerous. Bear in mind that these criminals could be armed and could harm someone. The best course of action would be to call the police after capturing the criminals. [end recording]

Nicaragua

Nicaragua: National Emergency Declared Due to Hurricane

PA2907032096 Panama City ACAN in Spanish 0057 GMT 29 Jul 96

[FBIS Translated Excerpt] Managua, 28 Jul (ACAN-EFE) — At a news conference held on the evening of 28 July, Nicaraguan President Violeta Chamorro reported that a state of national emergency has been declared to draft a plan to help the victims of the hurricane that entered national territory shortly before Saturday midnight and today headed for the Pacific Ocean.

Chamorro, who presides over the National Emergency Committee, said that classes have been suspended in public schools until further notice and until the water levels of the rivers recede. Many rivers have overflowed and triggered floods.

"I do not know from where I will obtain money, but I have to purchase blankets, foodstuffs, and medicines to help the victims of the hurricane," who are now estimated to be more than 100,000.

Nicaraguan Presidency Minister Julio Cardenas reported that tomorrow, Monday, the first reconnaissance flights will be conducted over regions adversely affected by the hurricane. These flights could not be conducted today due to heavy rains.

Meanwhile, Construction and Transportation Minister Pablo Vigil said that domestic and international flights, which were suspended on 27 July, will resume tomorrow, except those bound for El Salvador and Guatemala. [passage omitted]

Aviles stressed that, in the last few hours, 26 cm of rain have fallen on Bluefields, the second largest city in the Atlantic region, while 5 cm of rains have fallen in Managua, which is the country's capital. Two more cm are expected to fall within the next few hours.

Meanwhile, Nicaraguan Health Minister Federico Munoz explained that the hurricane has created conditions in the country for an outbreak of such diseases as malaria, dengue, cholera, and other vector-transmitted infections due to the contamination of surface and deep waters.

At a news conference, Nicaraguan Finance Minister Emilio Pereira, which is another member of the National Emergency Committee, estimated that property damage could amount to approximately $11.4 million.

Foreign Cooperation Minister Erwin Kruger disclosed that help has already been requested from the United Nations and the international community to help the 110,000 victims, 13,000 of whom are lodged in more than 40 shelters throughout the country.

This preliminary estimate does not included the losses the hurricane triggered on basic grain harvests, the cattle industry, and housing, Pereira explained. [passage omitted]

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Nicaragua: FSLN Reports Bomb Explosion at Miami Office

PA2607225196 Managua Sistema Nacional de Television Network in Spanish 0130 GMT 26 Jul 96

[From the "National Newscast"]

[FBIS Translated Text] A bomb exploded at an office that the Sandinist National Liberation Front, FSLN, recently opened in Miami. Bayardo Arce, member of the FSLN National Directorate said there are still no clues regarding the incident, which is being investigated by local authorities. The explosion partially damaged the FSLN office. According to reports, no one was hurt or killed. FSLN leader Bayardo Arce said that when the office was opened, there were calls of support, as well as threatening calls and insults.

[Begin Arce recording] Some callers had Cuban or Nicaraguan accents. We believe that this terrorist attack was committed by the Cubans or Nicaraguans who threatened us. We are waiting for Miami police authorities to conduct the pertinent investigations, find those responsible, and punish them. [end recording]

The FSLN office in Miami was opened as part of the new strategy handled by that party in the current election campaign, which calls for the reunification of the Nicaraguan family.

According to reports from Miami, the installation of this office has reopened many wounds among the Nicaraguans, as most of them are anti-Sandinists.

[Begin recording] [Reporter] Do you suspect any specific group?

[Arce] No, no, no, not at all. We are waiting for the Miami authorities, which we understand are very efficient, to find out who is responsible. [end recording]

According to Arce, there is a movement in Miami in favor of Sandinism.

Nicaragua: Government Unable To Solve Land Ownership Issue

PA2907023696 Managua LA PRENSA in Spanish 27 Jul 96 p 2

[Report by Gustavo Alvarez]

[FBIS Translated Text] The Nicaraguan Government announced that the thorny issue of land ownership will remain unsolved and should be addressed by the government that wins the 28 October elections.

During a news conference held on Friday at the Olof Palme Convention Center, Leopoldo Lopez, deputy finance minister for property affairs, said that to revert properties to former owners was idealistic and impossible, even with the pressure being exerted by the United States.

Lopez said that the problem was that the properties were turned over to peasants, and small urban lots were turned over to a large number of people making it impossible to revert these properties to their original owners.

"It is going to be up to the next administration, because to say that the properties are going to be reverted to their former owners is idealistic, even with the pressure exerted by the United States," Lopez reiterated.

Lopez added that any politician who says that he will return the properties to their former owners is sowing the seeds for an even greater dispute.

According to Lopez, another reason why the properties have not reverted to their former owners is because the judicial procedures initiated to correct these abuses, in many cases, have not been concluded.

Lopez suggested that persons whose properties were confiscated and cannot be returned for the reasons that were previously mentioned, should accept the compensation offered by the government.

"Everyone that at some time has said that he wants his property back, and it is not feasible, should accept the compensation," Lopez insisted.

Regarding the pressure exerted by the U.S. Government, Lopez affirmed that the United States has endorsed the Nicaraguan proposal not to evict the peasants from the farms, but instead to promote the instrument for payment, which in this case is government bonds.

Recently, U.S. Ambassador John Maisto said that U.S. aid to Nicaragua would be jeopardized if the issue of U.S. citizens' properties was not resolved.

Deputy Minister Lopez said that there is a threat that U.S. aid to Nicaragua might be suspended because of the issue regarding the property of U.S. citizens.

However, Lopez believes that the United States is interested in continuing to help strengthen democracy and foster economic growth in Nicaragua.

Lopez added that there are claims on about 630 additional properties at the U.S. Embassy that are not entered into the accounts of the Nicaraguan Government.

Lopez estimated that approximately 900 properties are being claimed by U.S. citizens, including Nicaraguans who are naturalized U.S. citizens.

Lopez asserted that Nicaragua sent the United States a report regarding the progress made on the property issue, which gives details of 1,043 cases that have been

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resolved, and statistics regarding how much money was paid to U.S. citizens and how much money has been offered in pending cases.

A response from the U.S. Government, which will probably give the Nicaraguan Government one more year to solve the property issue, is expected on Monday. An extraordinary effort will be made in the next six months to put and end to this issue.

Lopez said that 20 percent of the money from the sale of Enitel [Nicaraguan Enterprise for Telecommunications and Postal Services] will be used as a fund for building homes, giving priority to persons that were affected by laws nos. 85 and 86.

Fifty percent of the homes will be paid for with bonds and the other 50 percent will be financed so that people whose properties cannot be returned may purchase new homes.

Nicaragua: Electoral Developments Through 27 Jul

PA2807034696

[FBIS Repor] The following is a compilation of reports on developments leading up to Nicaragua's 20 October 1996 elections monitored through 27 July.

Rosa Marina Zelaya, president of the Supreme Electoral Council, CSE, has discarded the possibility of using CSE budget funds to provide state financial support for political parties and groups since this was not considered by the National Budget Law approved by Parliament last year. (Managua EL NUEVO DIARIO in Spanish 21 Jul 96 p 16)

According to political sources, Frank Duarte, of the Conservative National Action (ANC), has registered Alvaro Robelo, former leader of the defunct group "Arriba Nicaragua," as a candidate for deputy of this conservative group. The sources believe that Robelo, a banker linked to money laundering in Rome, will be rejected by the CSE. (Managua BARRICADA in Spanish 22 Jul 96 p 12)

Alejandro Serrano Caldera, presidential candidate of the Unity Alliance, has discarded the possibility of the Sandinist Renewal Movement, MRS, establishing an alliance with the Sandinist National Liberation Front, FSLN, since the wounds that produced the schism have not yet healed, Serrano said this Saturday. He was clearly alluding to a call made Friday by FSLN leader Daniel Ortega to those who have left his party. (Managua EL NUEVO DIARIO in Spanish 22 Jul 96 p 12)

Unity Alliance presidential candidate Serrano Caldera said at a symposium called "Electoral Alliances," that for political alliances to be useful to the country, they must be based on four axles. According to him, these four axles are: a political agreement, an economic agreement on agricultural and industrial policies, a social agreement on small and medium enterprises, especially cooperatives, and modernization and technological work by the state. (Managua LA PRENSA in Spanish 22 Jul 96 p 2)

Deputy Luis Sanchez Sancho has said that the budget the state must lawfully assign to the political parties that will participate in the 20 October elections must be approved as soon as possible because the stability of the elections process is being placed in grave danger. In Sanchez Sancho's opinion, the government is delaying release of the funds as a "political reprisal" because the CSE would not allow Antonio Lacayo, who was the leader of National Project, to run as presidential candidate. (Managua LA PRENSA in Spanish 22 Jul 96 p 20)

At the Foreign Ministry, CSE President Zelaya and the legal representatives of the political parties are discussing three points: the paper quality of the ballots, the distribution of state funds for alliances, and electoral lists. Zelaya said the CSE already has more than 17 million cordobas as a starting point for financing political parties that will participate in the elections. (Managua Sistema Nacional de Television Network in Spanish 0130 GMT 24 Jul 96)

Members of the Christian Democratic Union, UDC, have called on all the members of the National Directorate to participate in a meeting to take place within the next 15 days to declare the party in a reorganization phase to reshape the UDC to try to recover its legal status, which according to attorneys has been suspended by a CSE ruling. The party, according to UDC militants, was placed in a plight by Luis Humberto Guzman and Cairo Manuel Lopez. (Managua Sistema Nacional de Television Network in Spanish 0130 GMT 24 Jul 96)

The FSLN National Directorate yesterday held an emergency meeting to examine the confrontational attitude of FSLN mayor candidate for Managua Carlos Guadamuz. Guadamuz promised to lower the tone of his discourse in Radio Ya and to work together with the FSLN in this elections process. (Managua Radio Nicaragua in Spanish 1130 GMT 24 Jul 96)

According to a Managua, 26 July- datelined item, the CSE unanimously agreed to approve the nomination of Enrique Quinonez and Noel Rivera as candidates to the presidency and vice presidency of Nicaragua representing the Nicaraguan Resistance Party, PRN, for the 20 October elections. The CSE magistrates also decided to reject the nomination of Alvaro Robelo

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as candidate for the office of deputy representing the National Conservative Alliance on account of his Italian citizenship. (Panama City ACAN in Spanish 2106 GMT 26 Jul 96)

Several political parties have filed a complaint before the Supreme Electoral Council against the Liberal Alliance which is being accused of organizing an election fraud for the coming 20 October elections. According to the political parties, the Liberal Alliance has been preparing illegal voters identification cards to be used during the elections. Supreme Electoral Council President Rosa Maria Zelaya announced that an investigation will be launched into the charges. (Managua BARRICADA in Spanish 26 Jul 96 pp 1, 7)

CSE President Rosa Maria Zelaya announced that nearly 1,936,090 citizens have so far requested their respective personal identification cards, and that 351,630 Nicaraguans have registered in the 26 ad-hoc municipalities, according to the preliminary election register. The CSE president highlighted that so far, the names of 2,287,720 voters are currently recorded in the national election register. (Managua LA PRENSA in Spanish 24 Jul 96 pp 1, 16)

National Assembly deputies coincided in that the law must be applied accordingly in the complaint against presidential candidate Haroldo Montealegre Lacayo related to his alleged U.S. citizenship. Several political parties have indicated that if the charges against Montealegre, candidate for the Liberal Unity Party (PUL), are corroborated, he should be immediately disqualified. The PUL's candidate's situation would seem to be more complicated by the fact that he knowingly withheld information from the Supreme Electoral Council, which, according to the law, is punishable with two to four years imprisonment for having lied under oath. (Managua EL NUEVO DIARIO in Spanish 24 Jul 96 pp 1, 16)

Several political parties have indicated their intention to refrain from taking part in the 20 October general elections if the government fails to distribute financial assistance to the political organizations. The political parties complain that the government has not yet established how much it expects to distribute. On the other hand, the political parties contend that the elections could be jeopardy if the government continues to insist that it will only distribute 17 million cordobas among the parties and alliances. (Managua EL NUEVO DIARIO in Spanish 24 Jul 96 p 16)

Panama

Panama: Central American Groups Support Canal Sovereignty

PA2607123096 Panama City EL PANAMA AMERICA in Spanish 25 Jul 96 p A13

[Report by Elizabeth Munoz de Lao]

[FBIS Translated Text] Representatives of the Central American Parliament (Parlacen), the General Secretariat of the Central American Integration System (SICA), and the Central American Justice Court (CCJ) [Corte Centroamericana de Justicia] have handed a declaration by these organizations to President Ernesto Perez Balladares.

In the document, these organizations voice "their most firm solidarity with the Panamanian people and authorities" regarding Panama's right to exercise full sovereignty over the interoceanic Canal. This issue was included in the Panama Canal treaties.

Parlacen President Raul Zaldivar Guzman, SICA Secretary General Roberto Herrera Caceres, and the CCJ's Roberto Ramirez handed the declaration to Perez Balladares during a visit they made to the Presidency.

The document stressed the strategic significance the Canal has for Central America's international, maritime trade. This significance will keep increasing as the region develops itself and as its foreign trade and integration to the international economy increase.

For all these reasons, the initiative of convening the Panama Canal Universal Congress, which will be held in September 1997, has a special meaning for Central America. The congress, the representatives of these organizations affirmed, "will allow us to send information on Panama's readiness to assume the responsibility of managing the Canal to the international community, particularly Canal users."

Furthermore, the event also will be an opportunity to tell the world that Panama is fully able to manage the waterway and counts on the "full support of its Central American and Latin American sister nations."

The declaration also voices support for President Perez Balladares' initiative to take advantage of the areas U.S. military services are using along the banks of the Panama Canal to promote Central American integration. These areas must revert by 1999 at the latest.

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Panama: U.S. Military Maneuvers Denounced as 'Illegal'

PA2507184096 Panama City LA PRENSA in Spanish 25 Jul 96 p 7A

[Report by Jose Quintero De Leon]

[FBIS Translated Text] International relations expert Julio Yao has denounced that the Foreign Relations Ministry has overstepped its boundaries by authorizing the U.S. Southern Command to hold military maneuvers in areas of the country not expressed in the Canal treaties.

Meanwhile, he said that the use of U.S. military installations contradicts the Panama Canal treaty, because it establishes that the Combined Defense Board should plan and coordinate maneuvers to secure the defense of the Panama Canal.

However, he recalled that the Combined Board was eliminated, so now the United States is carrying out military exercises in areas not established by the Canal treaty and without legal authorization.

Yao referred to the Foreign Relations Ministry communique announcing that the U.S. Southern Command Forces will conduct military maneuvers in the former military base of Rio Hato and the Chame airport, as well as in other unspecified locations in the country for one year, which will expire in July of 1997.

"This violates the Constitution, the law, and the Torrijos-Carter treaties, in spite of the fact the Foreign Ministry has expressed that it approved said maneuvers," the university professor asserted.

According to Yao, the Foreign Relations Ministry is not legally empowered to authorize the presence of foreign troops in the country outside of what the treaties mandate and outside of what the legislative branch may say.

Given that this presence is illegal, the Legislative Assembly should discuss this presence as something unusual, which has not occurred, Yao warned.

According to the expert, this is the result and sequel of the latest invasion because since 20 December 1989, the United States has unilaterally conducted maneuvers and the Foreign Relations Ministry has merely formalized the same.

Panama: Cuban Ambassador to Panama on Helms-Burton Law

PA2607023196 Panama City LA PRENSA in Spanish 25 Jul 96 p 5

[Report by Wilfredo Jordan Serrano]

[FBIS Translated Text] Cuban Ambassador to Panama Carlos Alberto Mas Zabala warned yesterday that the Helms-Burton law is "the last rung" in the sinister (U.S.) attempt to control Cuba.

Addressing the Political and International Studies Center, the diplomat explained his statement by stating that from the time of the first U.S. presidents, "the policy has been to control Cuba."

Mas Zabala affirmed that there were 210 investments in Cuba early this year, and although the aforementioned law was approved last March, there are now 240 investments; that is, there has been an increase of 30 projects.

He added that the Helms-Burton law does not worry Cubans, because it is "against the world and not just the island," which has been demonstrated by the rejection of all the Latin American countries.

"The Cuban people, with or without Burton, with or without Helms, are working," because the economy grew 9.6 percent during the first half of this year.

He said the growth is based on tourism, sugar production, and investments in housing and roads.

He added there are no conditions to be dictated to the world, most of all in the field of commerce.

In addition, the center's president, Miguel Antonio Bernal, said most experts on international treaties feel the law is at odds with the principles public, international law teaches.

He said the U.S. decision to suspend the effects of the law demonstrates that it has become aware of the pressure coming from the EU countries and a large number of Latin American countries that have realized the law affects them enormously.

Panama: Editorial Says Law Triggers Third World War

PA2707220196 Panama City EL PANAMA AMERICA in Spanish 26 Jul 96 p A6

[Editorial: "The Third World War, Commercial Style"]

[FBIS Translated Text] The Helms-Burton law and the EU's strategy to defend itself from extraterritorial laws officially marks the beginning of WWIII, but in the

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commercial arena. It is a discouraging paradox that disputes over an embargo and/or access to markets destroys the harmonious spirit that theoretically serves as the basis for the World Trade Organization [WTO] and that it has again been revealed that economic powers have set their national interests above, and to the detriment of third party interests.

The commercial version of WWIII has aggravated and expanded with the approval by the U.S. House of Representatives of the so-called D'Amato law, which applies economic penalties on foreign enterprises that invest in Iran and Libya. This new law would have unpredictable consequences for Western Europe because 50 percent of Europe's hydrocarbon imports come from Iran and Libya. The economies of leading European countries like Germany, France, Italy, Belgium, and Spain would be seriously harmed if these countries are forced to suspend their hydrocarbon imports due to the pressure imposed by a third country.

In view of the extraterritorial effects of the new reprisals law endorsed by Senators D'Amato and Kennedy, EU, which had already considered commercial reprisals to counter the Helms-Burton law, now considers proposals that extrapolate the commercial battle. One of these proposals urges European enterprises to not recognize either the extraterritorial laws or the legal sentences derived from legal suits that national enterprises file at U.S. courts.

An extremist measure clearly calls for an extremist reaction. By defending national interests through international reprisals, U.S. lawmakers are leading the world trade to a dead end. Even worse, the political agreement efforts through the Group of 12 will be heavily offset by a commercial extremism that will turn political friends into commercial enemies.

EU proposes that European enterprises affected by penalties brought about by U.S. enterprises be compensated by means of shares of the litigating companies' assets in European territory and that U.S. executives be forbidden to enter Europe.

Some optimists had predicted that the collapse of communism would eliminate international conflicts. These optimists, however, forgot that the world cannot be observed through a diviner's crystal ball, in particular if there is an interest in settling controversies Far West-style, with a self-proclaimed sheriff who works for his own good and would-be bandits who live out of town. The inconsistencies in this dispute are so big that we trust the recovered common sense to guarantee world stability on all fronts.

Panama: Politician Warns U.S. Must Clean Up Military Bases

PA2807195696 Panama City LA ESTRELLA DE PANAMA in Spanish 22 Jul 96 p A3

[Report by Ruben Dario Diaz]

[FBIS Translated Text] Marine biologist Carlos Arellano Lennox has warned that the Panamanian Government must demand, before the expiration of the Torrijos-Carter treaties, that the United States remove all toxic substances and bombs buried at the military bases. He said they represent a threat to human, animal, and plant life and to future foreign investments in areas that will revert to the country.

Arellano Lennox, also president of the National Civic Alliance [ACN], which is currently being formed, said the Panamanian authorities must quickly decide what they will do with the U.S. military bases in the canal area. If they think that they will not allow military bases, then they should determine the current degree of contamination at those bases.

According to the political leader, the Panama Canal Treaties, which expire on 31 December 1999, state that any contaminant which could endanger organic material should be removed from the military bases.

The political leader explained that if a businessman opts to install a factory in one of the military areas, but is later told there could be some buried bombs or chemical substances, then there is the threat of a bomb explosion, or the facilities could be contaminated and people's lives could be endangered.

"While we are playing this petty game of whether to allow U.S. military bases to remain and continue exploratory talks, we are not investigating to what extent these sites have been contaminated," Arellano Lennox indicated.

Former legislator Carlos Arellano Lennox said that if he were a U.S. official, he would keep Panamanians occupied in this petty diversion, because the U.S. official could claim that "if we are going to keep the bases anyway through negotiations, why should we clean up the bases if we are going to continue contaminating them?"

Moreover, Arellano Lennox said, if the United States informs us on 1 December 1999 that they are not interested in staying, then Panamanians will not have time to investigate and tell U.S. officials the level of contamination that remains.

"Cleaning up harmful chemical substances and buried bombs costs millions of dollars, but the Panamanian

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people will have to pay for the decontamination of these areas with their taxes to rehabilitate the sites for future use," Arellano Lennox said.

In conclusion, National Civic Alliance President Arellano Lennox reiterated that the Panamanian Government has an opportunity — before the treaties' deadline — to demand that U.S. authorities fully clean up the areas that are contaminated by toxic waste and bombs, but at the same time he warned the national government to be very careful because it may be a U.S. "diversion" to free themselves from spending millions of dollars on the cleanup.

Panama: Minister Talks With Solidarity Party on U.S. Bases

PA2607215696 Panama City Circuito RPC Television in Spanish 2300 GMT 23 Jul 96

[From the "RPC Television News" newscast]

[FBIS Translated Text] The probable presence of U.S. military bases in Panama after the year 2000 is currently discussed in political circles. Today, it was Solidarity Party's turn to present the party's views on this subject to the foreign minister.

In the continuation of the consultations on the possible permanence of U.S. troops in Panama beyond the expiration of the Torrijos-Carter treaties, Foreign Minister Ricardo Alberto Arias met with the Solidarity Party's topmost leaders.

[Begin Arias recording] I have listened to the opinions of several Solidarity Party leaders. I am very pleased and satisfied with today's meeting. [end recording]

The future use of the Howard Air Force base is also the subject of consultations. The base has already been offered to the Rio Group and to the U.S. Government to install a counterdrug center.

[Begin recording] [Arias] The Panamanian Government and President Ernesto Perez Balladares should make the final decision on these subjects. We are in the process of gathering the opinions of the largest possible number of people. This can only be done through organizations that make up our society. But it is impossible to ask every Panamanian for his opinion. We must do it through the leading organizations. Obviously, it will be impossible to consult every organization.

[Solidarity Party President Samuel Lewis Galindo] Although slow, this process is very advisable before entering into a direct negotiation because, in this way, government officials can become familiar with the opinions of a large number of Panamanian people. [end recording]

During this meeting, Lewis Galindo referred to [former Social Security Fund director] Ricardo Martinelli's clear determination to become party president.

[Begin Lewis Galindo recording] We are discussing more important things than Martinelli's personal position. Those matters are very much his own. He is free to do whatever he wishes with his life. [end recording]

Panama: Editorial on Responsibility for Canal Maintenance

PA2607034596 Panama City EL UNIVERSAL DE PANAMA in Spanish 25 Jul 96 p A10

[From the "Editorial Opinion" column: "Responsibility for Canal Maintenance"]

[FBIS Translated Text] Various national sectors have been debating who is responsible for the considerable expenses required for the maintenance of the Canal, which could be a serious burden for Panama scarcely three years before its reversion.

While a number of opinions have been expressed, the Panamanian Government has not established its position on an issue that must be clarified to determine the condition in which the Canal will revert to Panama.

Despite the fact that Canal authorities stated last year that the Canal was in peak condition, a report issued by a joint U.S. Army and Panamanian engineers commission appears to point to some negligence in maintenance, which requires an investment of approximately $700 million for the Canal to function properly.

The results of the study appear to indicate that the United States has not made any major investments in the Canal because the Canal treaties establish that the waterway must revert to Panama in operating condition and free of debts. Panamanian experts maintain, however, that without the required maintenance, the Canal will not be turned over to Panama under the operating conditions specified by the treaty, and, therefore, Panama must insist on the United States' responsibility in this particular issue.

One of the measures to pay for the costs of the overdue maintenance and other investments the Canal needs, such as the widening of the Culebra Cut, is to increase Canal fees, to which a number of users, particularly Japan, have already objected, because it maintains a high percentage of transits through the Canal.

This is why an official pronouncement is needed to clearly define the government's position on this issue, because it is an issue that affects all Panamanians.

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Panama: Editorial Urges Country To Decide on U.S. Bases

PA2607223296 Panama City EL PANAMA AMERICA in Spanish 25 Jul 96 p 6A

[Editorial: "Current Status of the Bases Issue"]

[FBIS Translated Text] The recent exchanges we have held with government and private sources in Washington enable us to briefly explain the current status of the exploratory talks Panama and the United States are holding on the issue of the permanence of military bases beyond the year 2000.

In North America, despite the opposition by certain congressmen who are determined to reduce the current federal budget deficit, which prompted the central government to go on furlough twice, an unprecedented event in the country's history, the most powerful sectors of the executive branch, the Senate, and the Pentagon favor base negotiations.

Contrary to this, in Panama, the most influential sectors, parties, unions, businessmen, and popular organizations have failed to reach a consensus on whether to negotiate the bases even under economically favorable terms for the country. Only the government and the unorganized majority that show in the surveys favor this possibility under the premise that their permanence will imply "tangible" benefits for Panama.

At the level of decisionmaking groups, the United States is willing to hold negotiations on the bases, but we are not yet ready to officially say anything one way or another.

However, the opinion prevailing in the North is that it will make no formal negotiations or decision until after the upcoming November elections. President Clinton will not risk opening a new front now that he is comfortably ahead of his Republican adversary, Bob Dole.

Moreover, even though the bases are not vital for the United States, it would like to keep counting on them "at a reasonable cost." If it does not get them, however, it is already considering several options in Honduras, Puerto Rico, and Miami. The reduction of our territorial sea could even help it decide.

The United States has estimated to the last penny the indirect benefits Panama would obtain under various alternatives, and it is impossible for them to understand the emotional and historical reasons that make it inadmissible for us to cede them for free, or for us to pay a symbolic sum of money, for their permanence here, as certain influential personalities have suggested there.

They will never swap the bases for Panama's entry into NAFTA, even though they do not rule out a conditional opening of their market to Panamanian products. However, the National Security Council and the Foreign Trade Office do not favor this formula.

Meanwhile, while they formally freeze the issue until 3 November, we must go ahead and discuss this issue and reach an agreement. The 1977 treaties addressed the sovereignty issue. It is a matter of deciding if some degree of presence is convenient or not, and under what terms.

Panama: Treaties Compliance 'to the Letter' Stressed

PA2807225796 Panama City EL UNIVERSAL DE PANAMA in Spanish 27 Jul 96 p A4

[Report by Raul Vega]

[FBIS Translated Text] Lawmaker Oyden Ortega, president of the Legislative Assembly's Foreign Relations Commission, has said: "The Torrijos-Carter treaties must be complied with to the letter. They stipulate that there will be no more foreign military bases as of 31 December 1999, and that's how it will have to be."

Ortega said that the meetings recently held with politicians are important because this subject interests the whole country and naturally requires a general consultation.

He said that it is also necessary to properly use the reverted properties and that this is a mandate from the most recent meeting held in Coronado, where all of the country's political and social forces favored the reutilization of the defense sites.

In addition, former health minister Guillermo Rolla Pimentel said it is the Democratic Revolutionary Party's (PRD) extremist faction that is studying the permanence of the bases beyond the year 2000 because not everyone in this party is a defeatist.

Nevertheless, his party, the Arnulfista Party, is not even considering the issue because the party leaders received a report, and since the beginning have said flatly that they do not accept the presence of military bases.

Ortega also referred himself to the territorial sea, one of the problems that have caused conflicts and on which he thinks the discussions have been poorly focused.

He said Panama had adhered to a position or principle established in 1952 and dealing with the need for Latin American countries to have 200 miles of territorial sea, but the international community had never accepted this position.

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Panama: Drafting National Agenda on U.S. Bases Recommended

PA2807224096 Panama City EL UNIVERSAL DE PANAMA in Spanish 28 Jul 96 p 40

[Report by Victor Dagoberto Torres]

[FBIS Translated Text] Foreign Minister Ricardo Alberto Arias has said that Panamanians must establish a national agenda on the presence of the U.S. military bases, because the permanence of the defense sites is only one aspect of relations between Panama and the United States.

Arias stated that the U.S. military presence in Panama is only one aspect of many things that Panama and the United States must determine.

He indicated that the issue of the U.S. presence after the year 2000 is a delicate and very sensitive issue for Panamanians — an issue on which no national agenda has been planned.

"We must devise a national agenda (on the permanence of U.S. bases) in the short term, and up to now we don't have it," the foreign relations minister added.

"The issue of the U.S. military presence is only a part of the entire context of relations between Panama and the United States," Arias remarked.

He stressed that Panama and the United States must also discuss about the Canal and its transition, which is an important element.

One week ago, the Foreign Ministry began conversations with opposition political parties and other sectors of society, in order to reach a consensus on the presence of some U.S. military bases after the year 2000.

For now, the conversations with the opposition political parties have not yielded results for the government, with the exception of the MORENA [National Renewal Movement], which expressed its full support to the administration of President Ernesto Perez Balladares.

The U.S. military troops stationed on the banks of the Panama Canal must abandon Panamanian territory on 31 December 1999.

Arias expressed that the struggle against drug trafficking and money laundering is another issue on which Panama and the United States must reach an agreement, and they must also consolidate commercial relations.

"The issue of the U.S. military presence is only an additional issue that I believe is still very open," the foreign relations minister noted.

The foreign minister also referred to the future of the Panama Canal, adding that he views the Canal as an integrated system of interoceanic transportation, where the ports, the roads, and the transisthmian railroad will be a part of that system.

Arias expressed that the Panama Canal must be part of the everyday lives of Panamanians, of the economy, and it must be handled efficiently and effectively.

He concluded that the Canal must provide a service to international maritime commerce that is "as good as or even better than the service that has been rendered so far."

Panama: Canal Transition Commission Member on Labor Code

PA2907015496 Panama City LA ESTRELLA DE PANAMA in Spanish 28 Jul 96 p A1

[FBIS Translated Text] Bambito, Chiriqui Province — Eduardo Ritter, a member of the Transition Commission for the Transfer of the Panama Canal, yesterday affirmed that a special labor system will regulate the Panama Canal after the year 2000, a system that will be different from the one that is adopted for the rest of the country.

He said that the Panamanian Labor and Administrative Code "is not better or worse" than the one that must be adopted in the Panama Canal; it is only different and based on a system of merits.

During his speech at the first National Social Communication Session, Ritter pointed out that Americans could be hired after the year 2000, but they will not have the privileges that they currently have.

Until 31 December 1999, all Americans working for the Canal will earn 15-percent more than the established salary, only because they are "U.S. citizens."

In the opinion of Ritter, the additional salary increase for Americans "violates the Constitution," because it discriminates against not only Panamanians, but also the rest of the labor force. He also said that there are several principles that will be taken from U.S. laws, such as the arbitration system, the merit system, and other systems guaranteeing the proper operation of the waterway, to draft the new law.

The legal system, which must instill trust, security, and expediency in Panama Canal users so that when the time to file a demand comes, it will be handled swiftly and honestly, are among the issues that, in his opinion, need to be revised.

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Panama: Former Minister on Offer of Howard Base to U.S.

PA2907022996 Panama City LA ESTRELLA DE PANAMA in Spanish 28 Jul 96 p 32

[Report by Esteban Huertas G.]

[FBIS Translated Text] Former Foreign Relations Minister Jose Raul Mulino said that Panama's proposal of offering Howard Air Force Base to the United States is good "if it is a continental effort concerted in a multilateral fashion."

In this regard, Mulino said that he referred to the issue more than a year ago and that he favored replacing likely bilateral talks for multilateral talks. He added that this would be done within the framework of the conceptual idea of the Rio Group.

In his opinion, the political aspect would be obviated, and this absolutely does not harm the Panama Canal treaties, because it is a bilateral agreement that addresses the maintenance, use, and defense of the waterway.

As for the suggestion of the MORENA [National Republican Movement] Party, which pointed out that the government must renegotiate, because Panama will stop receiving 300 million balboas annually, Mulino said that "dollars and pennies are only an issue of the negotiations."

He stressed that the dollars and pennies are going to be lost anyway and that we have known this for 23 years.

Panama: Editorial Urges Government Position on Bases Issue

PA2907015596 Panama City EL PANAMA AMERICA in Spanish 28 Jul 96 p 7A

[Editorial: "Military Bases and Parties"]

[FBIS Translated Text] Christian Democratic Party Secretary General Ruben Arosemena's criticism of the government policy regarding a possible renegotiation of the military bases again reveals how unclear the government's objectives are on this exciting subject. The government's position is so far unknown. This lack of information increases the uncertainty both of political parties and the U.S. Government. As the result of this uncertainty, Foreign Minister Ricardo Alberto Arias' talks with political leaders are being diluted in the scattered plans and objectives.

Frankly, a great analytical capability is not required to organize the negotiations abroad. We already know officially that the U.S. Government aims to maintain a military presence through the Howard and Sherman bases, Galeta Island, and part of Clayton.

We already know that the U.S. Government has decided not to pay rent for these bases. It has even been suggested that Japan pay for the extended U.S. military presence. Of course, Japan's situation, an economic power without defensive means proportional to its position, is different from that of Panama, which is protected from military aggression as the result of a Neutrality Treaty.

The U.S. Government has already moved its pawns on the board. What will be our move? We will either reject the nonpayment idea, as most political parties have done, or negotiate complementary compensations. We have learned from reliable sources that the U.S. Department of Commerce would not accept either Panama's incorporation into NAFTA or a different tariff status for Panamanian exports.

Panama could perhaps explore other compensation alternatives, like the construction of strategic public works, which could include an Arraijan-Paso Canoas freeway, a second bridge over the Pacific Ocean, and other works by the United States, for an amount comparable to what would be collected for rent.

According to various and repeated opinion polls, most Panamanians approve of the U.S. presence after the year 2000 because they expect a considerable revenue. Nevertheless, we still don't know what Panamanians would think about a U.S. presence without the payment of rent or financial compensation.

A referendum would clear our doubts. A basic consideration makes us seek a justified income from the bases. Otherwise, Panama has every right to use the land at Howard, Sherman, etc. in private investment projects to provide jobs for the growing number of unemployed.

Panama: Minister Arias on New Administrator Appointment

PA2607215896 Panama City Circuito RPC Television in Spanish 2300 GMT 22 Jul 96

[From the "RPC Television News" newscast]

[FBIS Translated Text] A legal suit filed against Alberto Aleman Zubieta should not affect his appointment as new Panama Canal administrator. He has been charged with tax evasion while waiting for his appointment to be ratified by the U.S. Congress.

The Panamanian Government, through Foreign Minister Ricardo Alberto Arias, is confident that the U.S. Government will ratify Aleman Zubieta's appointment in a few weeks. The appointment of the new Canal administrator is not affected by the tax evasion charges.

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[Begin Arias recording] I don't see how a legal suit can affect his ratification by the U.S. Government. Aleman Zubieta has been thoroughly examined, not only regarding his professional capability, but regarding his background as well, and he has been found to be free of any shortcomings that could affect his situation before the U.S. Congress. [end recording]

The foreign minister spoke after returning from a trip to the United States, a trip he described as positive. Arias, who has formally left his post as Panamanian ambassador to Washington, commented on other subjects.

[Begin Arias recording] Several officials told me about their concern that the process should be very clear and transparent. I assured them that all pertinent measures were being adopted. I think in the next price bid, where there will be only one subject on which to participate instead of several, no subjective or individual assessments will be permitted. The enterprise that pays the highest annual amount will win the bid for the ports. This should settle any problems arising from a difference of opinions on this process. [end recording]

In Washington, although there were no official comments on resuming the exploratory talks on the permanence of military bases in Panama, the U.S. Government showed interest in the consultation process that the foreign minister is conducting in Panama and which will continue this week.

Panama: Minister Explains Refinancing of Commercial Debt

PA2807140096 Panama City Circuito RPC Television in Spanish 2300 GMT 25 Jul 96

[Report by Ilka Gonzalez; from the "RPC Television News" newscast]

[FBIS Translated Text] The national government has decided to renegotiate the commercial foreign debt to make the country more attractive to foreign investors, to expand financing options, and in order to reduce the cost of servicing the debt. If this is attained, the state will have a greater capability to take care of the needs of the Panamanian people.

The Planning and Economic Policy Ministry presented a report on the refinancing of the country's commercial debt during a news conference. The news conference was presided over by Planning and Economic Policy Minister Guillermo Chapman. The negotiations began in 1992 with the previous administration but were not completed. The negotiations were resumed by the new administration in 1995, when it was announced that Panama had reached an agreement of principle under the Brady Plan with the bank committee.

[Begin Chapman recording] Banks were offered four different bond options. Three for our capital debt and one for our interest debt. [end recording]

The options comprise the par bonds, the discount bonds, and the interest reduction bonds. The capital from the par and discount bonds was guaranteed with zero coupon bonds from the U.S. Treasury with a 30-year maturity. They were officially distributed on the closing date and are in the custody of the Federal Reserve Bank of New York. The capital of the interest reduction bonds is not guaranteed. According to Chapman, the possibility of incurring public indebtedness always exists.

[Begin Chapman recording] The only impediment a government has to excessive indebtedness is the capacity and firmness of the people who are in charge of making the decisions to incur debts. Before refinancing the debt, we could have very well continued or we could have initiated a race to incur excessive debts under conditions much more onerous for the country. Therefore, there are no written guarantees that the government will not incur excessive debts. The only guarantee is the seriousness of the government itself. [end recording]

The cost of closing the operation for the refinancing of the commercial debt is some $225 million.

[Begin Chapman recording] Of this, we financed $135 million with our own resources based on a trust fund, on which we have been working since 1992. The rest came from the financing we have obtained from the IMF, the World Bank, and the Inter-American Development Bank. [end recording]

The indirect benefits of the payment of the commercial debt may be described this way: It substantially reduces the uncertainty of the market over Panama's capability to service its foreign debt; it compensates for the adverse effects in the climate of investment and foreign exchange flows as a result of the Canal's transfer; it reduces the delayed payment of the matured debt, which discourages private investments; and it normalizes Panama's relations with its commercial creditors. The reduction of the market's uncertainty should lead to substantial benefits for Panama. The payment of the commercial debt should restore Panama's access to international financial markets under terms and deadlines that are competitive both for the public and private sectors.

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Panama: 'Union for Panama' Formed To Oppose PRD

PA2507204396 Panama City Circuito RPC Television in Spanish 2300 GMT 23 Jul 96

[Report by Ilka Gonzalez; from the "RPC Television News" newscast]

[FBIS Translated Text] Opposition parties signed a Union for Panama [Union por Panama] declaration and set down the basis to muster efforts with a view to the 1999 elections. In the document, the Arnulfist Party [PA], the Molirena [Nationalist Liberal Republican Movement], and the Christian Democratic Party [PDC], pledge to defend democratic institutions and address the problems of the Panamanians.

The opposition leaders decided to come to an agreement in the face of the uneasiness, which has been created, according to them, by the current government's incapacity and mistaken economic measures. The document establishes several commitments: safeguard the separation of government branches, draft a national development proposal, redefine foreign policy, and foment all sectors of the Panamanian economy. The document invites all active forces to join the Union for Panama call.

After the document was signed party ensigns were exchanged to formalize the agreement. According to the presidents of the signatory parties to the declaration, by attaining this conciliation two and a half years prior to the elections, this will allow to prepare a government plan that is appropriate to the country's reality.

[Begin recording] [PDC President Ruben Arosemena] We are not going to make the mistake of forming an alliance based on people or positions, but based on principles and projects. We are inviting not only political parties, but all Panamanians, business associations, trade unions, to join this great unity of democrats and civics who want to defend democracy. In addition, we want to give the country the social development that it currently lacks.

[PA President Mireya Moscoso] We know that with this alliance, and with the remaining parties that will join, we will have the next president of the Republic in 1999.

[Molirena President Ramon Morales] We want to do something more specific and lasting. That is what this is all about. This is of great significance because it gives us a rational basis, a truly patriotic basis, for the good of the country. [end recording]

During the act it was announced that soon the MORENA [National Renewal Movement] party will join and that the Authentic Liberal Party will also join once it holds its political convention. It was also announced that a reply is expected from the Civic Renewal Party, which has already been formally invited.

This act is the first step toward a great opposition alliance to face the PRD [Democratic Revolutionary Party] in the next elections. According to the leaders, this union will be different because it is not only intended for election purposes, but for the sake of Panama's future.

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Argentina

Argentina: Menem Calls For Cavallo's Resignation

PY2607195796 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1945 GMT 26 Jul 96

[FBIS Translated Text] Buenos Aires, 26 Jul (NA) — Media Secretary Raul Delgado announced at Government House this afternoon that President Carlos Menem has asked Economy Minister Domingo Cavallo to leave the Economy Ministry.

Delgado told the journalists accredited to Government House: "I am informing you that President Carlos Menem, through his chief of cabinet, Jorge Rodriguez, has asked the economy minister to resign and has appointed [Central Bank President] Roque Fernandez to replace him.

Argentina: Menem Discusses Removal of Cavallo

PY2707001596 Buenos Aires Argentina Televisora Color Network in Spanish 2130 GMT 26 Jul 96

[News conference given by President Carlos Menem with domestic reporteres at the Olivos Presidential Residence in Buenos Aires — live]

[FBIS Translated Text] [Menem] I would like to make a brief reference to the figure, to the person of former Economy Minister Domingo Cavallo. As president of the nation and as an Argentine citizen who fully embodies the economic model that we implemented at the beginning of our administration, around 1989, this model created a totally different Argentina that is being successfully projected toward the world, with a growth that was not in anybody's calculations when we took over the responsibility of leading the destiny of the country. Taking into account that this economic model became successful through the work of its creators, I reiterate that I only have words of appreciation for Domingo Cavallo; a correct, capable man with great strength, talent, and ability who knew how to conscientiously fulfill the mission with which I entrusted him.

But there are phases that come to an end. Domingo Cavallo fulfilled an exceptional phase as head of the Economy Ministry on matters related to the economy and financing. Therefore, I decided through the cabinet chief, to ask for his resignation, and to appoint immediately [Central Bank President] Roque Fernandez to replace him. Roque Fernandez is a man who has the same economic philosophy that I have and who thoroughly embodi... the economic model that is fully being implemented in our country.

Roque Fernandez is a prominent personality and I would say that to a great extent thanks to his ability and integrity, we were able to successfully overcome the effects of the Mexican crisis. To such an extent that the resources that were removed because of the crisis, taking into account the firmness of the leadership of the Central Bank, began to return to our country, and the deposits went over the amounts that existed before the crisis. The reserves also grew considerably from the start of the administration headed by Fernandez and his aides. We now have more reserves in the Central Bank than before the Mexican crisis.

The exchange parity is being maintained — one peso to the dollar — and obviously this message, and the words you will exchange with Roque Fernandez, will help Argentina to continue being a dependable and trustworthy country, and for those who are in Argentina, who made possible the internal and external savings, to continue to trust in our country.

After this statement and thanking the presence of my fellow reporters, beyond the debates we could have, which are logically normal because this is why we live in democracy, I am now ready for your questions.

[Cristian Vina, America Television] Since we are approaching the end of the month and the workers' pockets are affected, the first question is whether the new administration in the Economy Ministry will maintain the reduction of the family allowances and the food bonus. The second question is if you as a Peronist, as a Justicialist were perhaps symbolically influenced by the 44th anniversary of the death of Eva Peron to dismiss or ask for the resignation of Domingo Cavallo.

[Menem] No, one thing has nothing to do with the other. I did not dismiss Cavallo, I asked for his resignation through the cabinet chief. Regarding the reduction of the family allowances, you talk in plural, in general, and this is not the case.

You know very well that there are 1.6 million workers who earn less than 500 pesos and who benefit from this measure. For instance, family allowances, and Minister Cavallo and the labor minister have explained this thoroughly, and now I am going to repeat it: Family allowances for those who earn less than 500 pesos are higher, allowances per children have been increased from 130 to 160 pesos, and there are allowances for births, scholarships, and maternity. In sum, family allowances increase considerably for those with low incomes. Considering that we too are concerned over those who are really in need, this is some kind of solidarity of those who earn more with those who earn less. There are no changes whatsoever concerning those who earn between 501 pesos and 1,000 pesos monthly. This affects approximately 1.4 million workers, or 1.6 million workers. We will see how to solve the problem

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affecting some 700,000 workers who earn more than 1,000 pesos monthly. We will see if there is a solution, and if not, we are going to solve it a little later.

Concerning the food coupon, I do not think it will affect the workers at all, because their contribution will be added to the capitalization funds so that they may have a better retirement fund, above the amount obtained from the food coupon. Employers will also make their contributions taking into account the region where they are working. You very well know that the employer's contribution has decreased in some places to 80 percent. That is, if a company is going to make its contribution based on the food coupon or payment in cash, and if this contribution is to be made in Formosa, perhaps this contribution will be 2 pesos monthly, and no more. That is, the measure is balanced. Perhaps some might feel damaged, but most will be benefited by this proposal which has been in effect since the day I signed the decree.

[Jorge Pizarro, Telefe Television] Good afternoon, Mr. President. What happened between yesterday and today? Yesterday everything was fine and Cavallo was staying, but today Cavallo is no longer a minister. I also want to ask you whether this change also implies some change in the economic program or whether the plan will remain the same.

[Menem] As you might suppose, there are very sensitive subjects that cannot be handled haphazardly. It would be a disaster for me to come out and say that the economy minister might resign. I had to handle the situation with caution. It was also appropriate to make consultations. I had made the appropriate consultations, and when the time came, I asked for Dr. Cavallo's resignation, and I designated Dr. Roque Fernandez as head of the Economy Ministry to replace Cavallo.

This means, and I had said this before, continuing with the same economic program, the same philosophy, but trying to correct those aspects that did not work well to this date. For instance, tax collection. There is evasion. Normally we should collect $30 billion yearly, and we are only collecting almost $20 billion. That is, there is an evasion of approximately $10 billion or 10 billion pesos. This is the worst corruption that can exist in any place in the world. Do you know why? It is very simple. Because with those resources we can build hospitals and schools; we can respond adequately to the needs for infrastructure throughout the Republic; we can build and pave roads. That is, we can do a number of things that cannot be done now. And of course, we can correct the fiscal deficit, achieve a fiscal balance, and leave a fiscal surplus. If we can at least recover 80 or 70 percent of that evasion of $10 billion we would stop having problems, problems which are not affecting only us, but the whole world.

[Dario Lopreite, Radio del Plata] Good afternoon, Mr. President. Fernandez' designation has surprised us all. He was not being considered by almost anyone. Is Fernandez going to be a transition economy minister, and will there be more changes later...?

[Menem, interrupting] No, no. He is going to be the minister. But today I heard on the radio and perhaps from the stock exchange office, when I was watching television — I rarely watch television, but I always follow the stock operations when I have time to watch television — mentioning him as a transitional minister. It is not true. He is the definitive minister. He is the minister, and not just for a transition period.

[Lopreite] I also wanted to ask you, Mr. President, if the latest confrontation, the latest abrupt remarks by the economy minister had brought you to the end of your patience.

[Menem] I have already mentioned the reasons for his resignation. Simply because I believe that Minister Cavallo has completed an excellent period, and no one can deny or question this, that he had completed an excellent period. This is the time when we believe it is more suitable for Argentina to request his resignation. That is all.

[Paola Juarez, LA NACION] Good afternoon, Mr. President. Are you thinking about asking for the resignations of other members of your cabinet?

[Menem] No, no.

[Cristina Galaza, LA RAZON] Good afternoon. How is the new economic team going to be structured? Will there be changes, because there are rumors that some members of the economic team object to Dr. Roque Fernandez, and what changes or new measures will be implemented to fight evasion?

[Menem] Concerning the first part of your question, the changes are to be made by Dr. Roque Fernandez. This is my way of moving within the economic world. I designated the minister, and it would be very unfair to impose on him the men he is going to work with. Those who might object to the designation of Dr. Fernandez, well I think this is absolutely absurd. Those who are not comfortable with him must also go.

[Question indistinct]

[Menem] I had repeatedly said that this is going to be the object of a new tax law, and of a summary proceeding concerning tax evasion. So, let's not go into technicalities concerning prosecutions and at the end

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not to reach what we really want. What is it that we want on this matter? We want to collect taxes. Those who evade taxes will have to pay the consequences, and in compliance with this new law they will spend some months or years in jail.

[Nancy Pazos, CLARIN] Good afternoon, Mr. President. My question is this: The news was learned when the markets were closing. According to some information we have, the dollar price increased and would be at 1.10 pesos per dollar in the parallel market. Besides, there is reportedly some resentment in the markets. Are you going to adopt some measures in addition to the announcement asking for calm on Monday? Also, since you have made the appropriate consultations before making this decision, were these consultations made at national and international levels, and how do you believe this change has been seen abroad and domestically?

[Menem] There is no parallel market here. I think you are talking about periods that have long been overcome. I hope we will never return to that period. Here, however, whoever wants to buy dollars for a price higher that its real price, well, that is not my problem. Each is responsible for what he or she wants to do with their money. But the exchange parity will be maintained at any cost: 1 peso per $1. Those who want to buy dollars with the pesos that are circulating can go to the banks and buy them at the appropriate price. But that the dollar price has increased, that is something done by clever speculators. The balance here is total and absolute. Stability and convertibility will remain. These are the guidelines I can give you, someone who understands the economy more than many of us here.

What was the second part of your question?

[Pazos] Whether the consultations were made at the international level, and whether there had been some participation...

[Menem, interrupting] No, what I received was a cable that already came out, you must have it, from the international banks supporting the decision I made. Also, we are no longer isolated in the world. I conveyed my decision by sending a special official to see the Brazilian president. I also conveyed my decision to the presidents of Paraguay and Uruguay, and I am about to talk with the presidents of Chile and Bolivia on the change of minister to convey to them that we will continue with the same policy at the domestic and international levels. A special official went to see President Cardoso, who said that there was no problem. The same position was expressed by the Paraguayan and Uruguayan presidents. But this shows how the situation is becoming globalized. In the past we used to appoint ministers without any problems but now on the basis of principle, one is obligated to consult the other presidents on such important measures, and especially concerning such a sensitive area as the economy.

[Maria Odones] Mr. President, I would like to know what kind of consultation you held with economist Roberto Alemann today.

[Menem] I have said many times that I always have a list of names to replace ministers. I had two names. I cannot hide the truth, I like to tell things as they are. One was Roberto Alemann, who said he did not have time. He can explain to you, if he wants, the reasons for not accepting the job. He is an individual of exceptional level and the first thing he did when he learned about Fernandez' appointment was to call me to congratulate me. On my request [Senator] Eduardo Bauza also offered the job to economist Miguel Angel Broda, who was also on my list, since it is always good to have one or two names just in case. Broda didn't want to accept the position either. You can ask Bauza the reasons for Broda's refusal. Therefore, I then decided to appoint Roque Fernandez as economy minister.

[Arturo Heredia, NB3 Cordoba] I have a strictly political question, only political. Is this the most difficult time in your administration? If you believe it is, please answer because I was able to feel in Cordoba, Buenos Aires, and the country that there are people who support your administration, who voted for you, who would actually vote for you again. But people who support you, not the opposition, the people who support you saying that in the last few years President Menem has lacked the political initiative he had in 1991 and 1992, that you were always in charge of political decisionmaking, criticized or not, and that the opposition was behind. They now say that in the last few years it seems that the opposition has taken the leadership in political decisionmaking and that you are behind.

[Menem] That is pure illusion, it is an absurd illusion if we can talk of the absurd in the world of illusion because this is also an absurd. The one who leads the government and goes ahead is always the president of the country. Perhaps those who have a different opinion were used to other presidents. This decision as well as all the others within the sphere of the leadership of the national government are made by the president.

[Heredia] Is this your most difficult time?

[Menem] No, in the life of a president all the moments are difficult. I learned from Rudyard Kipling that we must keep our ears closed to the applause of success and to the laughter of failure. This is not a moment that I would term the most critical for the president. No, it

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is not. There were other more difficult times, like when I had to take over the government in a hurry from those who are now criticizing, because of those who are now criticizing; when I had to take over the leadership in Argentina with 5,000-percent inflation. With that annual rate I would have liked to have seen them in my place when I took over the government in elections six months earlier or when there was a peak of hyperinflation again. Those were very difficult times, not now. This is a normal moment in the life of the republic, when the president elected by the people decides to change one of his aides. In the last 30 days three of my aides resigned: the justice, defense, and economy ministers.

[Gustavo Silvestre, Channel 13 Television] In the last few months many Peronists were harshly criticizing the policy and the attitude of Domingo Cavallo. Many governors were complaining about the social problems, and perhaps, as I mentioned to you a few hours ago, two events that occurred this afternoon should be taken into account. I don't know what suggestions you received, but when Cavallo's resignation was known, when [Media Secretary] Raul Delgado made the announcement, there was a demonstration in Plaza de Mayo. When the resignation announcement was made there was a explosion of joy, and in act being headed by Buenos Aires Governor Eduardo Duhalde with the participation of many Peronists, there was also an explosion of joy after the announcement. Does this mean that many sectors of society are unhappy and that the appointment of the new minister means making corrections, which is something that was being requested by the Peronist Party, especially because of the social problems?

[Menem] I don't believe Cavallo was an insensitive man as many people have labeled him. The issue is that the life of a politician is full of ingratitude. When I speak of politician I am also talking about the man who, without specifically being a politician, is in the world of politics on account of his profession. Mr. Cavallo is a great economist — no one can doubt that — but perhaps that hospital, the inauguration of which I could not attend today because I had to announce the name of the new minister, was able to be built thanks to the policies of this administration.

No one built hospitals this size, like the one built by the Buenos Aires governor, since the administration of [Juan Domingo] Peron. Why is this? On account of the stability, the convertibility. Those who speak about lack of sensitivity... Do you know how much we spent in the past few months, or this year, in the social field? Do you have any idea? We invested 2.5 billion dollars or pesos. For those who insist on the subject of poverty, of course I admit we still have poverty. Two thousand years ago Jesus Christ chose to favor the poor — and we always favor the needy. But it is not enough to favor them only in words, but also through deeds. The number of poor in Argentina has diminished considerably.

During this administration, the infant mortality rate dropped from 26 per 1,000 to 20 per 1,000, and it continues to fall. Evidently, this has been possible thanks to better assistance to the children. Children are being born at higher weights during this administration than in past administrations. The mortality rate among mothers has also dropped considerably. There is a reason for this, this is not spontaneous. It is because of the policies we are implementing, it is because of the state's concern with the health of the people. The state is worried with education, security, and justice, which is the real function of the state.

This is what the Argentine people must see. This has been an impressive change if compared with the Argentina we inherited in 1989. This change also allowed us the possibility of successfully participating in the international financial markets, especially in high powerful financial circles. In the past, no one would lend a single peso to Argentina because it was not reliable or trustworthy. All the projects we are now building, which is incredible, is owed to this stability, convertibility, and trust that Argentina gained in the world. A confidence that will continue growing given our actions from now on. That is the answer I can give you.

[Moderator] Mr. President, the last question wil be from Lorena Maciel, from Radio Mitre.

[Maciel] Good afternoon Mr. President. You have just said that after holding consultations, or rather that after consulting the international financial organizations, including the presidents of other countries, you received a favorable answer to the appointment of...

[Menem, interrupting] No, let me correct you. I did not consult the international financial institutions. The only thing I did was to inform my peers, my Mercosur [Common Market of the South] colleagues about the appointment of Mr. Roque Fernandez, out of principle.

[Maciel] Alright. The reply you obtained then was favorable — notwithstanding your interest in the reply of your peers. Anyways, the repercussions in the stock exchanges were also favorable after learning that Cavallo resigned or rather that he was estranged from the cabinet. A few months ago, this reaction would have not been as good. To what is this change owed? Is it owed to a wearing out of the Minister Cavallo's image? Is it owed to the repeated frictions with the other ministers or even with yourself?

[Menem] No. I reiterate what I said. Any public man fulfills different stages. Mr. Cavallo fulfilled a stage.

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He fulfilled an exceptional stage at the head of the Economy Ministry. Therefore, in face of the situation everyone is aware of, I decided to ask him to resign, as I have already expressed through Cabinet Chief Jorge Rodriguez.

[Moderator] Mr. President, would you like to add anything else?

[Menem] No, I simply...

[Question indistinct]

[Menem] Monday, at the latest. I cannot tell now. The cabinet chief will inform you now.

[Moderator] No, the news conference has finished.

[First unidentified reporter] Mr. President, one last question. Will Minister Cavallo be awarded a medal for merit?

[Menem] Of course, why not?

[Second unidentified reporter] Should we continue believing in the model, in the new economy minister?

[Menem] You must believe in everything [laughs]. I do not mean to be arrogant or anything like that. You must believe in the authorities chosen by the people. You must believe in he who, chosen by the people, appoints his aides. You must believe in the aides. Therefore you must believe in these people and in the model maintained by these people.

[Moderator] Thank you.

[Third unidentified reporter] How are (?your relations) with the economy minister?

[Menem] Well. I don't see why... I finished on good terms with [former Justice Minister] Barra and all the rest, so I don't see why we should end on bad terms; on the contrary. Now I will leave you with Minister Fernandez.

[Moderator] Please wait a moment and we will continue the news conference with Mr. Fernandez.

Argentina: New Economy Minister Holds News Conference

PY2707011696 Buenos Aires Argentina Televisora Color Network in Spanish 2130 GMT 26 Jul 96

[News conference by Economy Minister-designate Roque Fernandez with domestic reporters at Olivos Residence in Buenos Aires — live]

[FBIS Translated Text] [Fernandez] At this time I'd like to thank President Menem for entrusting me with this new task. I believe the president has been sufficiently clear. Some terms have been served and men are being replaced. Dr. Domingo Cavallo's work has been formidable.

The president also said that he would pursue the economic program he established a few years ago. I have been involved in some of these measures, in the monetary area. At this moment, however, I cannot add much, as I want to meet the people who will cooperate with me and my colleagues in the cabinet. I want to gather information and analyze the economy from a global perspective. I have been doing it from a monetary perspective. I also have information on the fiscal area, but, before making any type of announcement, I am asking you to give me a little time for...

[First unidentified reporter, interrupting] Do you have a team already?

[Fernandez] Yes, of course. I have an excellent relationship with all the people who accompanied the minister and who — I believe — will also continue to accompany me. I also have many professionals who have worked and still are working with me at the Central Bank, but I cannot supply any names. I cannot form a team before meeting my assistants and fully analyzing the situation.

[Second unidentified reporter] Mr. Minister, what are the priorities for the new economy minister vis-a-vis the shortcomings indicated by the president, shortcomings that prompted Cavallo's resignation?

[Fernandez] I believe the president has been sufficiently clear about the priority he assigns to the struggle against tax evasion. I believe we have to continue to work hard on this problem. Therefore, this represents a priority goal on which we will work with the rest of the cabinet. I repeat that, at this moment, I cannot advance any type of proposal, as I want to ponder, work with the people, and analyze the situation with sufficient calm so as to make sound decisions.

[Javier Diaz, Cronica Television] Mr. Minister, we just asked the president about something that basically represents a matter of concern for the people, who are used to a few economic measures every time a minister is changed. This involves people who have debts or are about to change [words indistinct]. In a nutshell, what measures will you take concerning these people? What new measures could you take?

[Fernandez] From that perspective I can very clearly announce to you that, in keeping with my activities as Central Bank president, the current financial stability, and the situation prevailing in the financial markets, I can give you absolute assurances that there will not be any type of surprises or abrupt changes in interest rates or foreign exchange rates that could actually lead to some type of insecurity for the community.

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I believe we have to place emphasis on tax management, the fiscal area, which is part of the program that has been implemented and that must be pursued to achieve enhanced efficiency in this area. From a monetary perspective, the economy has a very solid standing.

[Maria Redes, Radio El Mundo] Mr. Minister, during Minister Cavallo's term of office, the idea of dividing the Economy Ministry in two ministries, a Finance Ministry and a Production Ministry, was frequently raised. Now this rumor is circulating again. Can you comment on this?

[Fernandez] I am totally unaware of it. Once again, this decision must be made by Congress, as I believe that a law is required. At this moment, however, I do not have any kind of information to announce to you.

[Raul Zapata, Radio America] Dr. Fernandez, just one more question. The opposition challenged you very much and you had to go to Congress to explain about the BID [expansion unknown] and Banco Basel bankruptcies. Do you believe this incident will be detrimental to your brand-new term of office?

[Fernandez] No, I believe my explanation to Congress was normal, as it was required by the concerns expressed by all the congressmen in connection with those bankruptcies and by groups of savings account holders affected by that situation.

I went to Congress and I gave them all the explanations that they solicited. I do not believe at all that this represents some type of challenge or problem. A nine-hour debate was freely held on the nature of the crisis, the measures taken, and the alternatives that were assessed at different times. Even though I do not believe that I achieved a consensus in Congress on my explanations, I do believe that these issues were sufficiently explained so as to hold further discussions, if required.

Thanks to the efforts made in all areas, both in the executive branch and in Congress, which contributed by approving laws when they were urgently required, we were able to successfully manage the crisis. In a nutshell, I believe we could overcome a very, very difficult situation.

[Several journalists at once] [questions indistinct]

[Fernandez] I repeat that I have to meet my assistants and review this situation. As we draw up a few proposals, we will announce them. For the time being, however, I beg your pardon. I cannot announce anything else.

Argentina: Cavallo Asks Team To 'Help' New Minister

PY2707034096 Buenos Aires NOTICIAS ARGENTINAS in Spanish 0145 GMT 27 Jul 96

[FBIS Translated Excerpt] Buenos Aires, 26 Jul (NA) — Economy Ministry sources have reported that [outgoing Economy Minister] Domingo Cavallo tonight asked those who accompanied him in his tenure "to help [Economy Minister-Designate] Roque (Fernandez)" pursue the [economic] program so as "to prevent throwing" the work that the Economy Ministry has been doing over the past five years "overboard."

The outgoing minister asked his inner-circle men to support the future minister's management, "if Roque asks for it and if you want to continue." A person close to the outgoing minister noted that Cavallo argued that it will not be easy for the new management "to cope" with congressional and executive branch pressures, "as it occurred with us."

The former economy minister met today with the economic team members at his house at the intersection of Avenida Libertador and Ortiz de Ocampo Street. [passage omitted] Participants of the meeting emphasized that Cavallo, who was accompanied by his family, was "calm," but "distressed" over the resignation forced by the president.

It was reported that the former minister would tender his resignation to the Legal and Technical Secretariat of the Presidency on 29 July. [passage omitted]

Argentina: Opposition Leaders on Cavallo's Departure

PY2707040396 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2301 GMT 26 Jul 96

[FBIS Translated Excerpt] Buenos Aires, 26 Jul (NA) — Opposition leaders today noted that the departure of Economy Minister Domingo Cavallo indicates that the current economic program has "failed." Government representatives emphatically explained that the former economy minister "completed his cycle."

Former President Raul Alfonsin seriously challenged the "inflexibility" of the government's economic program, harshly criticized former Minister Cavallo over "his somewhat fundamentalist ideas," and noted that the appointment of Roque Gonzalez "does not change the program."

Nevertheless, Alfonsin pointed out that the manner in which President Carlos Menem decided to remove the former economy minister "caught him by surprise." Alfonsin emphasized that Fernandez's appointment to re-

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place Cavallo "does not change the program." [passage omitted]

Frepaso [Front for a Country in Solidarity] leader Carlos "Chacho" Alvarez emphasized that Cavallo's departure from the Economy Ministry has been caused by "the power struggles among government officials."

Alvarez also pointed out: "Beyond resignations and replacements of ministers, the key point involves the prospects of the economic program." He underscored that the current economic program "is obsolete and insufficient." [passage omitted]

Buenos Aires Governor Eduardo Duhalde emphasized that Cavallo "had completed his cycle" as economy minister, but noted that "it is necessary to acknowledge his achievements" at the Economy Ministry.

While dedicating a hospital in Tres de Febrero in Buenos Aires Province, Governor Duhalde explained: "It is not necessary to turn a fallen man into everyone's prey. Government officials complete cycles and Cavallo has already completed his cycle at the Economy Ministry." [passage omitted]

Argentina: Foreign Banks Support New Economy Minister

PY2607203396 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2001 GMT 26 Jul 96

[FBIS Translated Text] Buenos Aires, 26 Jul (NA) — Foreign banks this afternoon supported the appointment of Central Bank President Roque Fernandez as the new economy minister. The banks describe as a "relief" the fact that President Carlos Menem has "resolved the situation of uncertainty created" over Cavallo's status.

These remarks were made by Adalberto Barbosa, executive director of ABRA [Argentine Banking Association]. He pointed out: "This is the best solution. There is a feeling of relief within financial circles, as Fernandez is a Cavallo team member. In our opinion, Fernandez is in a position to manage the economy."

The foreign banks' spokesman told NOTICIAS ARGENTINAS: "Fernandez is in a position to readjust the economy. He is a man who has always been restrained and careful. Of course, we support him."

Argentina: Biography of New Economy Minister Fernandez

PY2607214396 Buenos Aires TELAM in Spanish 2104 GMT 26 Jul 96

[FBIS Translated Text] Buenos Aires, 26 Jul (TELAM) — Newly appointed Economy Minister Roque Benjamin Fernandez was born in Cordoba in 1947 and achieved his PhD in economics at the University of Chicago in 1975.

He was visiting professor at the University of Southern California in 1985 and specialized in studies on monetary and banking economy, and more specifically on the operation of the Central Bank.

He got his first public job on 24 September 1989, when Economy Minister Nestor Rapanelli appointed him vice president of the Central Bank to replace Antonio Erman Gonzalez.

He left after a brief period and returned to the Central Bank as director on 23 April 1990 under the presidency of Javier Gonzalez Fraga.

On 7 February 1991, newly appointed Economy Minister Domingo Cavallo named him president of the Central Bank, and Felipe Murolo as vice president.

His professional career has been almost exclusively dedicated to teaching and research, especially as member of the Macroeconomics Studies Center of Argentina (CEMA).

Right from the start, Fernandez agreed with the policy of the Carlos Menem administration on the need for a structural reform of the state, an opening of the economy, and the autonomy of the Central Bank.

When Fernandez was director of the Central Bank, he was one of the main writers of the reform of the Central Bank charter, a bill that after a long debate in Congress became law, under which the executive board of the Central Bank had to be appointed with the agreement of Congress.

During his administration as Central Bank president, Fernandez created the Superintendency of Financial and Exchange Entities, and late in 1994 faced the tequila effect, the Mexican crisis that forced the Central Bank to rescue many financial institutions.

Argentina: Menem To Meet Fujimori on Lima Stopover

PY2607222696 Buenos Aires CLARIN in Spanish 26 Jul 96 p 22

[FBIS Translated Excerpt] In a conspicuous political gesture to improve relations with Peru following the illegal arms sales to Ecuador, President Carlos Menem will on 11 August make a surprise stopover in Lima to meet his counterpart, Alberto Fujimori.

Foreign Ministry sources explained to CLARIN that, beyond the possibility of Menem meeting Fujimori on 10 August in Quito during Ecuadoran President-elect Abdala Bucaram's inauguration, the Argentine president

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will visit Peru in an attempt "to turn the page" on the crisis caused by that scandal.

On 11 August Menem will privately have breakfast with Bucaram in Quito and, subsequently, go directly to Lima to meet Fujimori. During Menem's meeting with Fujimori, they will surely review the arms issue following the resignation of former Defense Minister Oscar Camilion and the indictment of former Military Industries trustee Luis Sarlenga and two other people involved in this scandal. [passage omitted]

Menem's visit to Peru was confirmed last night during a telephone conversation between Foreign Minister Guido Di Tella and his Peruvian counterpart Francisco Tudela. The two ministers also agreed yesterday to simultaneously announce the visit in the two capitals. If there is enough time, after his meeting with Bucaram in Quito, Menem will meet and also have lunch with Fujimori at his official residence. [passage omitted]

Brazil

Brazil: Foreign Ministry on Replacement for Cavallo

PY2607233096 Sao Paulo AGENCIA ESTADO in Portuguese 2255 GMT 26 Jul 96

[FBIS Translated Text] Brasilia, 26 Jul (AE) — Itamaraty [Brazilian Foreign Ministry] today released a communique expressing confidence that relations between Brazil and Argentina will continue along the same course, despite the replacement of the Argentine economy minister. The Foreign Ministry communique says the ministerial replacement is an Argentine "domestic issue" that will not affect the "quality and natural continuation of relations between the two countries." Herewith the text of the note:

"The Brazilian Government has learned of the replacement at the Argentine Economy Ministry. The replacement, which is an Argentine domestic issue, will not affect the quality or natural continuation of relations between the two countries, both at a bilateral level and within Mercosur [Common Market of the South]. Because of their high level, their intensity, and their maturity, relations between Brazil and Argentina are beyond the necessarily temporary nature of the exercise of public posts. Therefore, the Brazilian Government is sure the fluent, constructive, and frank dialogue with the Argentine Government, which has marked bilateral relations, will continue."

Brazil: Finance Minister on New Argentine Minister

PY2707024096 Sao Paulo AGENCIA ESTADO in Portuguese 2338 GMT 26 Jul 96

[Report by Beatriz Abreu and Alberto Fernandes]

[FBIS Translated Text] Brasilia, 26 Jul (AE) — Finance Minister Pedro Malan today said that the dismissal of Argentine Economy Minister Domingo Cavallo does not represent any risk of change in the relations between the two countries. "I do not have the least doubt about the continuity of the development of our relations, reinforced by the Mercosur [Common Market of the South] or about the maintenance of the basic objectives of the economic program of that great country Argentina," Minister Malan said in a communique. The appointment of Argentine Central Bank President Roque Fernandez in replacement of Cavallo is a "guarantee of continuity of this process," he stated.

"In the past few years, relations between Brazil and Argentina have particularly gained such density, maturity, complexity, and institutional characteristics that they do not depend on the people that head the government institutions that conduct the economic policy in the two countries," Malan said.

The fall of Domingo Cavallo has affected the weekend agenda of Minister Malan, who was discussing with Brazilian Ambassador to Argentina Marcos Azambuja a meeting with economists and even with Cavallo this weekend in Buenos Aires.

The weekend in the Argentine capital would have not been an official visit and it was limited to contacts of personal interest of Malan. Besides this, it would have only been a "stopover" on his flight on 28 July to Santiago de Chile, where on 29 July Malan will participate in an international seminar sponsored by the newspaper with the largest circulation in Chile, EL MERCURIO.

Until the beginning of this evening, Minister Malan's advisers could not confirm Malan's trip to Buenos Aires, even after the resignation of Domingo Cavallo. To tell the truth, Malan was waiting for a indication from the Brazilian Foreign Ministry about the wisdom of traveling to Buenos Aires amid the crisis generated by the change of command of the Argentine economic policy.

"We can only confirm that Minister Malan will travel to Chile on Sun[illegible]" an adviser said. Anyways, Minister Malan has confirmed his participation in the seminar organized by EL MERCURIO on 29 July, and his return to Brasilia on the day after.

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Brazil: Kandir, Loyola on New Argentine Economy Minister

PY2707025896 Sao Paulo AGENCIA ESTADO in Portuguese 2347 GMT 26 Jul 96

[FBIS Translated Text] Brasilia, 26 Jul (AE) — The Brazilian Government has tried to demonstrate calmness when commenting on the dismissal of Argentine Economy Minister Domingo Cavallo. "From the point of view of the implications for Brazil, I see no reason for restlessness," said Planning Minister Antonio Kandir. Another minister interviewed by AGENCIA ESTADO nonetheless admitted that Cavallo's dismissal creates a "zone of uncertainty," especially regarding the Mercosur [Common Market of the South].

The greatest concern is regarding the livelihood of the Argentine exchange policy which since 1991 maintains by law the parity between the peso and the dollar. A devaluation of the peso, together with the stability of the real, would encourage Argentine exports to Brazil, which is making an effort to prevent further deterioration of its trade balance.

In the domestic field, the Brazilian Government asserts that nothing changes, even taking into consideration the similarity between the Brazilian and Argentine stabilization plans, both of which are based on a so-called exchange rate stabilizing factor. "There is no possibility of an alteration in the Brazilian exchange rate policy, despite the effects that the replacement of Argentine ministers could yield," Kandir said.

The planning minister believes that with $60 billion worth of reserves, Brazil is currently prepared to face eventual turbulences in its foreign financial relations. "The Mexican crisis of December 1994 was far more serious and it caught Brazil in a weaker financial situation, but the country overcame that," Kandir said. "The change in Argentina will affect Brazil much less now, when the Brazilian economy is stronger," he added. "I do not see any reason for restlessness."

For Kandir, even if the ousting of Cavallo could cause distrust among international investors regarding Argentina, there is no risk that the same be thought about Brazil. According to him, the investments that arrived in Brazil in the past few months suffered a quality change since they are currently more solid, long term, and less speculative. "Resources are no longer being invested to seek short-term profits, but they are invested because of the good prospects of the Brazilian economy over the long term," Kandir said.

Meanwhile, Central Bank President Gustavo Loyola also stressed that the appointment of Roque Fernandez indicates continuity in Argentine economic policy. "I regard the change with calmness," he said. According to Loyola, the change should not bring problems for Brazil.

The evaluation that prevails among the Brazilian Government is that Cavallo fell because he tried, and did not manage, to obtain from President Carlos Menem the necessary measures to implement a strict fiscal adjustment in Argentina. "The adjustment is essential for a parity exchange rate policy like the Argentine one, and if Cavallo did not manage to implement it, I think that it will be difficult for Roque Fernandez to do so," said a high-ranking government source.

According to a projection made by Cavallo's team, the Argentine fiscal deficit will reach $3.5 billion this year. International analysts believe that it will reach $4.5 billion. A Brazilian economic team member said that Cavallo's fall has been the consequence of a "clash of egos." According to this source, "the new minister will have to demonstrate political strength."

Brazil: BC Official Views New Argentine Economy Minister

PY2707024996 Sao Paulo AGENCIA ESTADO in Portuguese 0017 GMT 27 Jul 96

[FBIS Translated Text] Rio de Janeiro, 26 Jul (AE) — Gustavo Franco, director of the Central Bank's [BC] International Department, today said that the resignation of Argentine Economy Minister Domingo Cavallo does not affect the economic stabilization process in Argentina, and nor will it have negative effects on Brazil. "There, as well as here, a process of that size does not depend on people. It is not a process of individual heroes, although there can be several, and Cavallo is surely in this role," Franco said.

Gustavo Franco feels that the designation of the Argentine Central Bank President Roque Fernandez to replace Cavallo means that there will be no changes in the economic program. "There are political forces that support the stabilization process, because of its own dynamic action. Society, both in Argentina and in Brazil, has a very clear knowledge of the past inflationary process and understands that there is no return," Franco said.

Arguing that there will be some normal turbulence in the financial market as a result of the changes in the Argentine Economy Ministry, Franco said he believes that effects on the stock market will be temporary. "Perhaps they will be over with in one morning," he said.

The director was participating in a lecture at the regional BC office in Rio de Janeiro, on the two years of the Real Plan, when he received the confirmation of the news

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on the resignation of Minister Cavallo. Franco avoided using the word "crisis" to describe the current Argentine political situation.

Brazil: Argentine, Brazilian Stock Exchanges Register Fall

PY2707030996 Sao Paulo AGENCIA ESTADO in Portuguese 2324 GMT 26 Jul 96

[FBIS Translated Excerpt] Sao Paulo, 26 Jul (AE) — Argentine Media Secretary Raul Delgado has reported that President Carlos Menem today confirmed the dismissal of Domingo Cavallo from the Economy Ministry. [passage on covered material omitted]

Cavallo's dismissal prompted a fall in the Buenos Aires stock exchange which closed with a bear market with a 4.10-percent drop. According to international news agencies, the Argentine financial market is mainly worried about the fact that Menem dismissed his minister, and not that Cavallo resigned. Analysts suspect that Fernandez was the "least of evils" among the possible options Menem had.

The Brazilian stock exchanges, which are undergoing a period of uncertainty and fragility, felt the blow of a possible Argentine crisis. The stock exchange of Sao Paulo (Bovespa) closed with a 2.09 percent drop, and the Rio de Janeiro stock exchange with a 0.85 percent drop. The Brazilian financial market remained expectant regarding the actions of the new minister.

According to an analyst, if Cavallo's replacement indicates that he will maintain the basic principles of the stabilization plan, the exchange of ministers could be positive. In principle, Fernandez is a man of Cavallo's trust, since he was nominated to that post by Cavallo himself. "Everything will depend on Fernandez' effort to convince the people this weekend," the analyst said.

The most sensitive point is the exchange rate policy. Despite the significant differences between the Argentine and Brazilian economies, any change in the neighboring country will reflect in Brazil. Today, the Brazilian exchange market faced a wave of dollar purchases. The quotations climbed for all kinds of dollar exchange rates: The commercial, floating, parallel, and future dollar exchange rates. By the end of the day, however, the parallel and floating exchange rates closed with a falling trend, after the Central Bank intervened to sell floating exchange rate dollars.

Chile

Chile: U.S. Envoy's Remarks on Military Viewed

PY2607214596 Santiago LA TERCERA DE LA HORA in Spanish 25 Jul 96 p 2

[Editorial: "Civilian and Military"]

[FBIS Translated Text] A conflict was created by remarks of U.S. Ambassador Gabriel Guerra-Mondragon — who said that in Chile the military power is not subordinated to the civilian power "because the 1980 Constitution does not provide the Chilean president with power to remove the commanders in chief." The ambassador retracted his remarks, saying that they were taken out of context — but these remarks were later supported by the State Department. This incident served to refloat an issue which has been long debated since the start of our re-democratization process: Relations between civilians and military.

Within this context, the initiative by Defense Minister Edmundo Perez Yoma — who proposed the possibility of creating a Defense Community, in which elements from civilian society and military sectors will participate — has been brought up again. Thus, there is evidence that could help one conclude there is progress toward overcoming misunderstandings between the two sectors.

The broad positive response to the issue of "interior borders" proposed by the Army, the holding of several meetings — one of which was held in Madrid — are clear signs that in Chile the spirit of dialogue prevails and that the gap which once divided the country is being progressively closed.

Within this framework, it is unfortunate that the State Department supported the controversial remarks by its ambassador because they only help to strengthen that which separates civilians from the military more than that which unites them. That support also proves that the United States feels authorized to classify the Chilean institutional system, which seems to be supported by the refusal to sell sophisticated fighter planes to our country.

In conclusion, we want to point out that public opinion was surprised that our Foreign Ministry hastily decided to consider the incident overcome, because it seems to have connotations that go beyond some inappropriate remarks.

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Chile: Editorial Views Effects of U.S. Envoy's Remarks

PY2607200096 Santiago LA NACION in Spanish 25 Jul 96 p 5

[Editorial: "Chile-United States — A Matter of Diplomacy"]

[FBIS Translated Text] The tidal wave of protest triggered by the remarks by U.S. Ambassador to Chile Gabriel Guerra-Mondragon on 23 July — when he claimed that the Chilean Armed Forces are not subject to the civilian power over the sale of U.S. weapons to our country — just confirms that diplomacy is a delicate job and that chiefs of mission must display excellent judgment when voicing opinions about the internal affairs of the country to which they are accredited. Ambassadors are well aware that by venturing into issues pertaining to domestic politics they may — even with the best of intentions — violate the principle of nonintervention and can even provoke undesired effects. This principle holds good for representatives of both small and powerful countries. In the latter case, one would believe these countries would proceed with greater caution.

The reaction by the Chilean Government to the remarks by the representative of the White House may amount to nothing but the terming of such comments as inappropriate, and a reassertion that the Constitution establishes the supremacy of civilian power in Chile. A press-release issued by the U.S. Embassy in Santiago on 23 July states that Guerra-Mondragon's words — which were explicitly supported by the U.S. Department of State — were taken out of context. It adds: "The ambassador referred to the replacement of the commanders in chief and to aspects pertaining to relations between the civil government and the military when assessing arguments in favor or against the sale of weapons to the region. The ambassador acknowledges that in Chile, the Armed Forces are subject to the civil government and that the transition to democracy has been a blueprint for the entire region." Foreign Minister Jose Miguel Insulza construed this press-release as a retraction of the ambassador's remarks so, as far as he is concerned, the matter is closed.

The characteristics of the reinstatement of the democratic system of government in our country are well known to the entire world. In general, we Chileans can look back with great satisfaction on the strides made over the last six years to consolidate a system in which liberties prevail. This notwithstanding, we are aware that there are pending issues, which the hamstrung bill submitted by the executive branch to amend the Constitution tried to address in part.

Obviously, we Chileans attach much importance to the image other nations have of us. We know that after the traumatic experience which we experienced, the United States and other countries are attentively watching what happens in Chile. Still, we also know that we must enhance our authority in the eyes of other nations, which is related to the steadfast defense of our sovereignty.

Relations between Chile and the United States will be strengthened if they are based on mutual respect and on the understanding that both countries are on an equal footing. Washington's considerations about the sale of U.S. weapons are the sole responsibility of the Clinton administration. Likewise, it is incumbent upon us to decide from which country we will purchase arms.

As bilateral relations are imbued with a spirit of cooperation fashioned by the Clinton and Frei Administrations, this incident should not affect the friendly relations that exist between Chile and the United States on all fronts.

Chile: Accord With EU on Enlargement Impact Signed

PY2607205596 Santiago EL MERCURIO in Spanish 26 Jul 96 p B10

[Report by correspondent Ana Fernandez in Geneva]

[FBIS Translated Excerpt] The Chilean mission in Geneva has reported that Chile and the EU signed an agreement in Brussels on 25 July that seeks to minimize adverse commercial effects following the enlargement of the EU towards Austria, Finland, and Sweden, and will have on Chilean exports, particularly agricultural ones. This accord has nonetheless been in force since 1 January of this year. The incorporation of these three countries into the EU in January 1995 modified the accords signed with Santiago within the framework of the WTO, causing losses to Chilean exports to these markets.

Article 24, Paragraph 5 of the WTO, states that when countries establish or enlarge a free trade area and/or a customs union, they must endeavor to prevent obstacles to trade "from having greater impact on trade flows. Likewise, they must prevent commercial regulations from becoming more stringent than the commercial rights and regulations in force before the establishment of said free trade area and/or customs union."

The EU committed itself to increase, as of 1 January 1996, the quota granted to Chile's exports of mutton and goat meat from 1,490 tonnes to 3,000 tonnes and cut tariffs levied on fresh Chilean apples and pears by 50 percent. [passage omitted]

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Colombia

Colombia: FM Says U.S. Meeting 'Fundamentally Important'

PA2607200896 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1730 GMT 26 Jul 96

[From the "National Newscast"; monitored from live relay by Lima Sistema Unido de Retransmision Television]

[FBIS Translated Text] Foreign Minister Maria Emma Mejia concluded her U.S. trip and gave a briefing in Washington this morning on the results of her meetings. The minister stated that many things remain to be done in terms of Colombian-U.S. relations. We have the following report by Aurea Aguilar from Washington.

[Begin recording] [Aguilar] After concluding her visit to Washington today, Mejia is confident her visit has helped pave the way for talks between her government and the United States.

[Mejia] We agreed on some issues and disagreed on others, but we basically began to talk and met in person. As I have only been foreign minister for eight days, I find that vital and fundamentally important.

[Aguilar] Mejia said that the revocation of President Ernesto Samper's U.S. visa is not an obstacle to restore cordial talks between the two countries.

[Mejia] I want to say, with all due respect to the United States, that it is a [pause] symbolic punishment, if we may call it that. It has no real effect. Perhaps the issue of decertification or possible economic and trade sanctions would be a more difficult problem for Colombia.

[Aguilar] After Mejia's tight agenda in Washington, the next few weeks will prove crucial to the Colombian government. It must convince the United States with facts that it is really willing to step up its efforts to fight drug trafficking. [end recording]

Colombia: U.S. Extradition Request Passed to Prosecutor

PA2607184896 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1730 GMT 26 Jul 96

[From the "National Newscast"; monitored from Lima Sistema Unido de Retransmision Television relay]

[FBIS Translated Text] The Colombian Foreign Ministry has sent U.S. Attorney General Janet Reno's official request for Colombia to extradite the Cali Cartel leadership to the Prosecutor General's Office. Ernesto Carrasco, director of the International Relations Department at the Prosecutor General's Office, told the "National Newscast" that the office has received a formal extradition request for brothers Gilberto and Miguel Rodriguez Orejuela; Elmer Herrera Buitrago; and Juan Carlos Ramirez Abadia, aka Chupeta. The Foreign Ministry move is surprising, since the Constitution protects Colombians from extradition and since the Supreme Court — and not the Prosecutor General's Office — is the authority that decides on extradition cases.

Colombia: Samper Not To Authorize Extraditions

PA2707040996 Paris AFP in Spanish 0124 GMT 27 Jul 96

[FBIS Translated Text] Santa Marta, Colombia, 26 Jul (AFP) -- Clearly alluding to an extradition request against four kingpins of the Cali cartel, Colombian President Ernesto Samper advised the U.S. Government on Friday that he will not violate the Constitution provision that forbids extraditing Colombian nationals.

After an official event in Santa Marta, a beach resort on the Caribbean, Samper told reporters: "We cannot renounce our constitutional duty to keep working so the Colombian administration of justice can judge drug traffickers and other criminals clearly and decisively."

"The government is spending heavily to make the administration of justice more efficient. Similarly, we are endorsing a large budget allotment for the Prosecutor General's Office. All this should result in the country proving that its justice does not limp or run, but that it finally reaches its goal," he said.

Samper spoke a few hours after Ernesto Carrasco, international affairs director for the Prosecutor General's Office, told the press that the Foreign Ministry had handed him the U.S. extradition request.

In view of this report, the Foreign Ministry released a communique confirming that the U.S. Government had officially requested the extradition of brothers Gilberto and Miguel Rodriguez Orejuela, Helmer Herrera, and Juan Carlos Ramirez, all of them Cali cartel kingpins, on 2 July.

Brothers Rodriguez Orejuela and Ramirez are in prison. Herrera is at large.

The Foreign Ministry added that, in compliance with the Penal Procedure Code, the Foreign Ministry handed over Washington's extradition request to the Prosecutor General's Office and the Justice Ministry.

In addition, Justice Minister Carlos Medellin, referring to the controversial subject, said the U.S. request is being treated normally, but the Colombian Government will turn it down because the Colombian Constitution forbids extraditing nationals.

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"The reply will be nothing new because the Constitution forbids extradition," Medellin pointed out. Yesterday, he said publicly that the government has no plans to present to the Congress a proposal to re-establish extradition. This practice was forbidden by the 1991 Constitution.

Samper and Medellin spoke at the end of a visit by Foreign Minister Maria Emma Mejia to Washington. Speaking over the telephone with the privately-owned radio network Caracol early on Friday, she said that the U.S. officials clearly told her that the re-establishment of extradition is a priority item in the relations with Colombia.

Colombia: Prosecutor Says Time Not Right for Extradition

PA2607213596 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1730 GMT 25 Jul 96

[From the "National Newscast"; monitored from relay by Lima Sistema Unido de Retransmision Television]

[FBIS Translated Text] The Prosecutor General said today that the time is not right to submit extradition to a plebiscite, let alone to debate it in the Congress.

[Begin Alfonso Valdivieso recording] On one hand, I don't see how the Congress could approve a constitutional reform. On the other, a referendum or plebiscite would not lead to a free and spontaneous decision by the people. There are just too many factors and pressures that come into play. I would rather not rush a decision of this nature before the country can recover its independence, freedom, and capability for spontaneous expression on such an important subject, which offers great potential to tackle organized crime. [end recording]

Colombia: Charge Against Attorney General Revoked

PA2807043496 Santa Fe de Bogota EL TIEMPO in Spanish 27 Jul 96

[Received via Internet]

[FBIS Translated Text] The Prosecutors' Unit at the Supreme Court has removed the document forgery charge from the list of charges filed against Attorney General Orlando Vasquez Velasquez and Assistant Attorney General Luis Eduardo Montoya for having allegedly arranged an investigation to smear Prosecutor General Alfonso Valdivieso Sarmiento.

The prosecutors have decided that the signature that appears in the suit filed against Valdivieso was not forged, that it corresponds to the accuser, Gonzalo Manuel Parra.

A legal medicine test demonstrated that the signature is authentic. Until now this signature had been questioned by the Prosecutor general's Office and the Supreme Court.

However, the prosecutor delegates at the Supreme Court upheld the preventive arrest measure against the attorney general and the assistant attorney general.

In the opinion of the prosecutors, there is still serious evidence against the two officials, who have been charged with committing procedural fraud, fraudulent misrepresentation, and bribery and this merits upholding the preventive measure against them.

In the opinion of the prosecutors, the matter of the forgery or authenticity of the signature of the person accusing the prosecutor general is only one element in the investigation, an unimportant element when compared with other anomalies that seem to be present in the process.

Montoya is under house arrest and Vasquez Velasquez is being detained at the Aquimindia School that the Administrative Department of Security has in Suba.

Colombia: State of 'Internal Disturbance' To End 29 Jul

PA2607185596 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1730 GMT 26 Jul 96

[From the "National Newscast"; monitored from Lima Sistema Unido de Retransmision Television relay]

[FBIS Translated Text] The government decided today to lift the state of internal disturbance on 29 July. The state of internal disturbance had been in effect for the past six months. However, the government left in effect some of the internal disturbance decrees, such as the creation of the public order zones.

Colombia: Ochoa Clan Member Freed After 5-Year Sentence

PA2807182596 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1700 GMT 28 Jul 96

[From the "Midday Newscast"]

[FBIS Translated Text] Santa Fe de Bogota — Pay attention. A few minutes ago, Juan David Ochoa Vasquez, one of the members of the so-called Ochoa clan, was set free. He remained at Itagui Prison, near Medellin, for more than five years.

Caracol has learned that Ochoa Vasquez served for 5 years, 5 months, and 11 days, after he surrendered to authorities and submitted himself to justice. In addition,

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he confessed to having committed drug trafficking-related crimes.

Ochoa Vasquez, who has been under arrest since 16 February 1991 at Itagui Prison, received sentence reduction benefits, in accordance with a judicial decision, the note delivered by the Ministry of Justice stated.

Ochoa Vasquez' liberation took place after the judge responsible for sentences and precautionary measures decided to set him free, the Ministry note explained.

Juan David Ochoa Vasquez was met by his family at the gate of the National Prison of Itagui.

Colombia: Panama Asks Military To Chase Rebels at Border

PA2607222196 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0000 GMT 26 Jul 96

[Report by Marta Rojas; from the "24 Hours Newscast"; monitored from relay by Lima Sistema Unido de Retransmision Television]

[FBIS Translated Text] Panamanian military officers have asked the Colombian high military command to cross the border in pursuit of guerrillas from the Revolutionary Armed Forces of Colombia, FARC, who cultivate coca in their country. Even though Panama does not have an army, this country houses the U.S. Southern Command headquarters.

Panamanian military officers asked the Colombian Army high command to cross the border and to conduct coca eradication operations in Panamanian territory and pursue FARC guerrillas operating in that country.

The request was made during a meeting held between high military command officers from both countries held recently in Panama. There, a Panamanian police lieutenant revealed that 30 FARC guerrillas gathered all policemen stationed at the border warning them that they would start operations in that country, including the cultivation of coca, therefore, they were asked to remain silent to avoid clashes.

The incident led to the immediate reaction of the Panamanian military because they do not have the means to fight the subversives.

The request was ruled out by the Colombian military because it violates the sovereignty and free, self-determination of each nation.

To further justify their request, the Panamanian military officers presented the Colombians with the video showing the 100 hectares of coca, which the FARC currently cultivates in the area of Darien in Panama.

Colombia: Self-Defense Group Claims FARC Member Kidnapped

PA2607225896 Santa Fe de Bogota EL TIEMPO in Spanish 26 Jul 96

[Received via Internet]

[FBIS Translated Text] Medellin — The Cordoba and Uraba peasant self-defense groups claimed responsibility yesterday the kidnapping of Carlos Saenz Vargas, the brother of Guillermo Leon Saenz, alias "Alfonso Cano," a member of the staff of the FARC [Revolutionary Armed Forces of Colombia].

The organization stated in a communique delivered to Emisoras Caracol Network in the capital of Antioquia Department that the kidnapping had taken place last Tuesday by one of the urban commando units in Santa Fe de Bogota and accused Carlos Saenz of recruiting personnel for the FARC in the different schools in the capital.

The communique added that "Geovanny," the commander of the Pedro Leon Arboleda Front of the Popular Liberation Army, who deserted and turned himself in to the self-defense groups in Uraba a week ago after joining the 5th Front of the FARC with his men, told them that "Alfonso Cano" had ordered new massacres in the banana region.

The men led by Carlos Castano Gil warned the FARC ideologist that if the order is carried out, the life of his brother would be at risk. The kidnappers also asked for the return of the ransom they paid in 1983 for the rescue of Jesus Castano, the father of the Castano Gil brothers.

Peru

Peru: Fujimori Not Attending Bucaram's Inauguration

PY2607031396 Madrid EFE in Spanish 0238 GMT 26 Jul 96

[FBIS Translated Excerpt] Lima, 25 Jul (EFE) — Peruvian Foreign Minister Francisco Tudela reported today that President Alberto Fujimori will not attend the presidential inauguration of Ecuadoran President-elect Abdala Bucaram.

The inauguration will be held in Quito on 10 August. President Fujimori, along with other presidents, was invited to attend.

Fujimori will not attend the inauguration due to a busy agenda in his own country, Tudela said after attending a ceremony for the Lima Bar Association.

Tudela said that the president will be represented in Quito by a very high Peruvian delegation. He added

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that Bucaram's invitation has not yet been formally answered. [passage omitted]

Peru: Air Force Head on Willingness To Defend Border

PY2507183896 Madrid EFE in Spanish 0029 GMT 23 Jul 96

[FBIS Translated Text] Lima, 23 Jul (EFE) — General Waldo Richter, the Peruvian Air Force [FAP] commander, today said that the FAP will use "all its power" if necessary to defend the border with Ecuador which was defined by the 1942 Rio de Janeiro Protocol.

During an FAP ceremony attended by President Alberto Fujimori, Richter said that the FAP reasserts its oath of defending the fatherland and safeguarding the integrity of the nation just as the heroes of the Upper Cenepa war did during the last Ecuadoran-Peruvian conflict in 1995.

Richter said: "In view of this, we wish to inform the Peruvian people and their government that the FAP is ready to successfully meet any challenge imposed by history or destiny."

According to the "Andina" news agency, in his speech Richter said tht the FAP is ready to engage in combat whenever the need arises to defend the sovereignty and integrity of the fatherland.

Speaking about domestic issues, Richter Cruz said that the FAP has effectively battled drug trafficking and terrorism thus allowing the start of an era of peace and development for all Peruvians.

Last week, General Paco Moncayo, Ecuadoran Armed Forces commander, said that the Rio de Janeiro Protocol is neither a peace treaty, a friendship treaty nor a border agreement." [quote marks as received]

In this regard, Carlos Luis Coutinho, Brazilian ambassador to Peru (Brazil is one of the guarantor countries of the Rio de Janeiro Protocol) said that the Peruvian-Ecuadoran peace process cannot be interrupted because of individual statements made on one side or the other.

Peru and Ecuador engaged in an undeclared war from 26 January to 28 February 1995 because of a dispute over a border area in the Amazon region that lacks border markers. The two countries are currently submergedin a peace process with the endorsement of the guarantor countries of the Rio de Janeiro Treaty (Brazil, Argentina, Chile and the United States).

Peru: Victor Joy Way Elected Congress President

PY2707033196 Lima America Television Network in Spanish 0100 GMT 27 Jul 96

[FBIS Translated Text] Congressman Victor Joy Way of Change 90- New Majority was elected president of Congress a few minutes ago. His list obtained 70 votes of the 112 congressmen present during the voting.

The other congressional leaders elected are Carlos Torres y Torres Lara, Martha Hildebrant, and Luz Salgado as first, second, and third vice presidents respectively. Graciela Fernandez Baca of the opposition list obtained 30 votes, 11 congressmen submitted blank votes, and one vote was null.

Peru: Car Bomb in Downtown Lima Kills 1, Injures 11

PY2607150696 Madrid EFE in Spanish 1442 GMT 26 Jul 96

[FBIS Translated Text] Lima, 26 Jul (EFE) — Police sources have reported that at least one person was killed and 11 injured today when a car bomb exploded nearby a police building in downtown Lima.

The explosion also damaged shops and houses located in a 100- meter perimeter around the 22d Peruvian National Police precinct building on Abancay Avenue in downtown Lima.

The attack was perpetrated at 0230 local time (0730 GMT). According to preliminary reports, the car bomb was filled with over 20 kg of explosives.

A fire department spokesperson reported that one of the injured is a taxi driver who was passing by at the time of the explosion.

There has been no official information about the terrorist group responsible for the attack. It is presumed, however, that the Shining Path [SL] terrorist group is responsible for the attack. SL has not perpetrated a car bomb attack for over one year.

Peru is on the eve of celebrating its national independence day which is commemorated on 28 July.

Peru: Shining Path Leader Dies in Clash With Army, Police

PY2607175796 Lima EL COMERCIO in Spanish 24 Jul 96 p A18

[FBIS Translated Excerpt] Trujillo, 23 Jul — Braulio Hermitano Polo Calderon, alias "Tito," 36, a terrorist leader who is thought to be Shining Path's second-in-command in northern Peru, was killed in a clash with Army and Ntional Police personnel in the hamlet of

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San Jose de Porcon, Cachicadan district, Santiago de Chuco Province, on 20 July

This information was confirmed by Army General Carlos Indacochea Ballon, commander of the 32d Infantry Division, who explained that the subversive was mortally wounded when he tried to attack law- enforcement forces. Gen. Indacochea added: "Despite the efforts made to save his life, Polo Calderon died when he was being rushed to Cachicadan Hospital."

On inspection, Polo Calderon's backpack contained grenades and documents certifying that he is Shining Path's second-in-command in northern Peru.

The other terrorists accompanying Polo Calderon managed to escape.

The Shining Path leader had participated in attacks on police precincts in the districts of Usquil and Cachicadan perpetrated in April and October 1990, respectively. He also laid an ambush for Army personnel on 12 August 1991 in an area called Altisavara (in Santiago de Chuco), where nine soldiers died and one was injured.

In these attacks, Polo Calderon stole two MGP machine guns, an AKM rifle, and a portable radio. [passage omitted]

Peru: Correction—Fujimori on Arms Deal, Drugs, Economy

PY2307152996 Buenos Aires CLARIN in Spanish 14 Jul 96 Section 2 p 2

[Corrected version of interview with President Alberto Fujimori by special correspondent Lucas Guagnini at Government House in Lima; date not given; originally filed as PY1807233696 and published on pages 49-51 of the 19 July Latin America DAILY REPORT; retranslating and adding dropped words within slantlines throughout text]

[FBIS Translated Excerpt] [Guagnini] The illegal sale of arms to Ecuador is considered not only a corrupt act, but also the treason of a historic military ally, is it not?

[Fujimori] The sale of arms did not constitute treason against Peru. /Rather/, it was an incident that was not in accordance with what Peru and Argentina always maintained.

[Guagnini] Here in Lima, people on the streets speak about "treason."

[Fujimori] We were disappointed to see it happening in the midst of a conflict and when there was an agreement forbidding that type of arm deals, particularly because Argentina is a guarantor of the peace treaty between Peru and Ecuador. Of course, we were disappointed. Everybody knows that our relations with Argentina have always been at a high level, particularly during the Malvinas conflict.

[Guagnini] People in Buenos Aires thought the Peruvian Government reaction was lukewarm or cold. Peru did not do anything at the international or diplomatic levels.

[Fujimori] We trust President Menem's government will find and punish those responsible. That has been our position and now I confirm it to you. It is a fair position that seeks to prevent damaging our relations further. We will not discuss the details of the investigation.

[Guagnini] Do you not think that the investigation is rather slow to produce results?

[Fujimori] We expect the investigation will uncover who was responsible. The Argentine investigation will determine the rank of that individual. We do not want to guess what position that person might have. [passage omitted]

[Guagnini] Are your assistants already thinking about a third term?

[Fujimori] (Laughs) I saw the signs on Menem's birthday with a 66 and a 99 on it. I have just started my second term and I have still not thought about that.

[Guagnini] But the 60 percent support with which you started this term gives you enough room to think about future elections.

[Fujimori] No, no, no. Here what we need is work. Political interests can distort your objectives during electoral campaigns. This is why we do /not/ think about reelection. We must work. I still did not finish the first year of this /term in office./ [passage omitted]

Narco-Military and Shining Path

[Guagnini] What is your opinion about the drug trafficking cases involving active duty military men?

[Fujimori] I admit that drug traffickers have infiltrated the Armed Forces. This is true. Drug traffickers have infiltrated national institutions everywhere in the world. This problem does not affect only Peru. We investigate our cases. You have seen that the Peruvian Air Force commander himself filed the report [on the narco-plane case].

[Guagnini] But the "infiltration" seems to have touched high levels.

[Fujimori] It would not surprise me if drug traffickers are infiltrated in Argentine or U.S. institutions as well. The good thing about Peru is that we discovered them.

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I cannot understand how so much drugs enters the United States without being detected. Here we have been seizing drugs in record quantities. These cases are positive because they are discovered in time.

[Guagnini] Up to what levels are the Armed Forces infiltrated?

[Fujimori] I cannot give a definitive answer, but the investigation continues. So far the attorney general's office has implicated only people in technical levels, but we do not rule out the possibility of the involvement of some officers. So far, the five crew members — that is, the colonel, the pilots, and the person who was my aide-de-camp — have been found not to be responsible.

[Guagnini] It has always been said that the terrorist group Shining Path obtained the funds it needed from drug trafficking. Do you think this continues to be so today?

[Fujimori] Regrettably we still have some groups of Shining Path followers in isolated jungle zones. There are still some columns. We tenaciously persecute them, and the Army has suffered some casualties. It is probable that their relations with drug traffickers is now reduced, but we have not ruled out the possibility that drug traffickers continue paying "coupons" for shipping drugs.

Where Are the Cases of Corruption? [passage omitted]

[Guagnini] At this time there are a number of scandals involving corruption and the state reform, implicating your administration. The same thing happens in Argentina and in Mexico, two countries with similar economic paths. Is corruption one of the costs of neoliberal reforms?

[Fujimori] In Peru the number of cases of corruption dropped considerably. We have corruption, but /on/ a much lower scale. We cannot compare the millions of dollars involved in corruption cases in Mexico with embezzlements totalling $100,000 or $200,000, as in the cases we have in Peru. We cannot compare our cases of corruption or drug trafficking.

[Guagnini] In the case of the Peruvian state insurance company Popular and Future, people speak about amounts higher than $60 million in overvalued policies.

[Fujimori] I deny those reports. Behind those reports there are certain interests because the company could be eventually privatized. What we have here is manipulation and corruption working for certain interests to reduce the company price. It is a smear campaign.

Costs of the Adjustment

[Guagnini] There are other problems besides corruption that are common in Latin American countries, such as unemployment and the educational crisis.

[Fujimori] The comparison is not applicable here either. If you compare the school days lost in Argentina every year with what we lose here you will see that there are no comparisons. In Peru we only had a two day strike, and for a just cause because teachers are not paid well. But the state does not have money to pay them more and we will not print bills for that purpose.

[Guagnini] Economic adjustments always affect education and social programs for the poor. Don't tell me that this process has not provoked problems.

[Fujimori] No, but these problems have come to the fore now because in the past they were covered by a state policy of granting subsidies and postponing solutions. When you face the problem head on, and take off the covers, you realize that everything was rotten underneath. You cannot blame the adjustment model for those problems, you must point your finger at the stagnation we suffered in the past.

[Guagnini] You are the president. You have been deciding what to do with the money for the past six years. When you do that you decide where the adjustment is going to hit.

[Fujimori] I am going to tell you something: I do not believe in a beautiful macroeconomic program that exists alongside chronic, hidden social problems. That is what we must change. I believe in a program with stable indexes, but accompanied by social programs. I think this must be the case everywhere. The economic model is a failure if the benefits do not reach the large masses. Of course, it takes time, but we must work to spread the benefits faster.

"No One Can Criticize Us" [passage omitted]

[Guagnini] Peru does not have a strong opposition now. Do you think it is good?

[Fujimori] I'd rather say it is a good signal. In fact, considering the government policy, in which everything is done with technical support, with figures and in the clearest possible way, traditional politics cannot adopt an opposite stance. Who can criticize us over the problem of education or poverty?

[Guagnini] You consider that "opposition" is equivalent to "criticism." Don't you think that dissent is useful in politics?

[Fujimori] Look, I believe it is good to make adjustments to the government work. The point is that there

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are no alternatives to what is being done. What is the alternative to privatization? What is the alternative to the current economic program? It is true that there are corruption and mistakes. We do admit that. Yet all that must be supported by evidence.

[Guagnini] Won't power blind you without opposition? If no one opposes your decisions, you will always believe that you are right.

[Fujimori] That is valid in other systems. However, now we do not have the traditional system that we had in Peru, with political parties. Parties did form closed elites. Now there is no such confrontation of parties. Instead, everyone participates. I will give you a concrete example. In my cabinet there is not one single person from my own circle.

[Guagnini] And what about Minister Jaime Yoshiyama? He was president of the Constituent Assembly for your party in 1990. He was your candidate for mayor of Lima, and he represented your party in Congress for three years.

[Fujimori] Well, he did have continuity. Yet all the others are technocrats. There are seven engineers, two military men, and three lawyers. All of them are experienced, they are not politicians and they work on the basis of figures and background support. They are managers.

[Guagnini] Is your vision of politics based on scientism?

[Fujimori] No, perhaps it is a bit close to that of a technocrat. [passage omitted]

Venezuela

Venezuela: Group Demands Expulsion of Colombian Envoy

PA2807134396 Caracas EL UNIVERSAL in Spanish 25 Jul 96 p 1-12

[FBIS Translated Text] Caracas — The Border Studies Institute [Instituto de Estudios Fronterizos — IEF] has demanded that Colombian Ambassador Guillermo Gonzalez Mosquera and the Colombian consuls who attended a recent meeting of Colombians in Machiques be declared personas non grata.

Likewise, they recommended the immediate dissolution of the organization that groups Colombians in Venezuela and the expulsion of their leaders from Venezuela.

According to IEF Directors Ramiro Perez Luciani, Pablo Ojer, and Salvador Itriago, these severe measures would be an appropriate measure in the face of the activities that the mentioned persons have carried out, activities that in their opinion violate the Aliens Law.

The conclusions of the Second Meeting of Colombians in Venezuela were severely questioned by the IEF members as follows:

1. The Colombians who met there announced they will ratify charges already presented to the UN Human Rights Commission, to the OAS, and to UNICEF about the fact that Venezuela does not register in Venezuela the children of illegal immigrants born there. The IEF members said that Colombians should also denounce their own country, because it does not register the children of illegal foreigners as Colombians either. The IEF members explained that in Colombia it is necessary for foreigners to satisfy 14 conditions, including that of promising to comply with a prohibition that they not concentrate in areas considered strategic or of special interest. The IEF members noted: "It is suitable that Colombians who reside in Venezuela denounce before international organizations this situation in their country, a situation they describe as a violation when it appears in Venezuela."

2. The participants in the meeting broke the law when they called for the derogation of the Organic Law on Security and Defense, alleging that it currently violates private property rights, because it does not permit foreigners to buy land, real estate, or enterprises in security zones.

3. The IEF directors referred to another concern of the Machiques meeting, saying: "Instead of asking the Colombian Government to follow up on the human rights situations of Colombians in Venezuela, they should ask it not to promote or facilitate massive invasions of Venezuela by Colombians who destroy natural resources and violate our territorial integrity."

4. Since the Colombians have asked that hot pursuit practices be avoided at all cost, IEF has demanded that they in turn demand from Colombian authorities an efficient guard to prevent attacks on Venezuela.

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